

Achieving Harmony between Human Beings and the Earth

Iseki aims to
“live peacefully with a stable natural environment”

Environmental Report
by ISEKI & CO., LTD



井関農機株式会社

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“Environmental Reports” refers to reports and publications which are periodically disclosed by business operators (corporations, organizations, and schools, etc.) stating the state of environmental burden caused by their business activities, their environmental policies and efforts to society.

According to the website of the Ministry of the Environment

The coverage of this report

Term covered: 2013 Fiscal Year (From April, 2013 to March, 2014)

Activities covered: Domestic activities

Organization: Iseki & Co., Ltd., affiliates, domestic covered distributors and sales subsidiaries

Materials used:

Environmental Report Guidelines (2012 edition)

GRI G3 Sustainability Reporting Guidelines

Guide on Items to be Included in Environmental Reports (Version 3)

Aiming to bring about a prosperous community, constantly growing in affluence

In recent year, global environmental problems, such as climate changes due to global warming and frequent occurrence of extreme climate phenomena, are worsening. As evidenced by the fact the Fifth Assessment Report of the United Nations Intergovernmental Panel on Climate Change (IPCC) issued in September 2013 expressly stated that the increase in greenhouse gas emissions resulting from human activities is the main factor in global warming, the importance of global environmental conservation efforts is increasing. We need to reduce the load on the environment by effectively and efficiently utilizing limited resources and energy and hand over our beautiful earth to the next generation.

Since its foundation in 1926, Iseki & Co., Ltd. has made exertions to improve productivity through agricultural machines that promote agricultural streamlining and reduce fatigue farming work. Refining our skills that we have cultivated, we also develop products of high precision, high efficiency and high durability, while taking various environmentally-conscious approaches in each stage of development, manufacturing, logistics, use, and disposal of products, as well as in office work. In order to convey the results of these approaches in an easy-to-understand manner, we have set environment-friendly design standards, and we are promoting the implementation of an “eco-product certification system” in which environmental labels are used only for products that have passed these standards. In addition, we are actively working towards local revitalization, including the restoration of abandoned farming fields that are increasing every year, and also we are providing products to Europe, North America and Asia in response to the recent global needs to increase food production.

Iseki Group positions the contribution to achieving a recycling-oriented society as one of our most important management tasks. We implemented tangible targets and management systems from initial product development phase in an effort towards environmental preservation. Such efforts include the implementation of an Environmental Management System (EMS) throughout the entire Iseki Group, from our manufacturing locations to the headquarters and sales subsidiaries. We will continue our efforts to realize a “prosperous community, constantly growing in affluence.”

We are pleased to have an opportunity to publish this 2013 report of our approach and actions to preserve the global environment. Iseki Group carries out now and in future years, our social responsibilities to even greater improve the environmental quality through the group-wide environmental management activities. We would like to ask for your further support, assistance, and cooperation to make our activities successful.



President

木村典之

Noriyuki Kimura

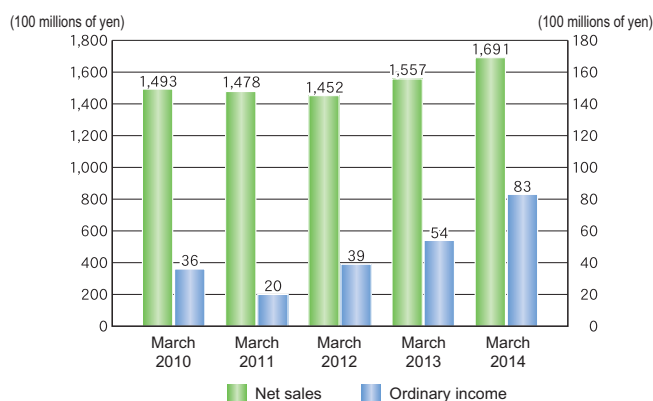
Outline of our business

Outline of our business

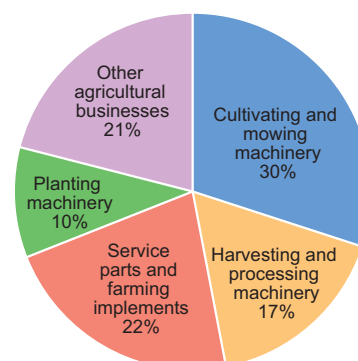
<Company profile>

Company name	ISEKI & CO., LTD
Headquarter	700 Umaki-cho, Matsuyama-shi, Ehime prefecture Phone: +81-89-979-6111 Fax: +81-89-978-6440
Main office	5-3-14, Nishi-Nippori, Arakawa-ku, Tokyo Phone: +81-3-5604-7602 Fax: +81-3-5604-7701
Foundation	August, 1926
Capital	JPY 23,344,000,000 (as of March 31, 2014)
Employees	Consolidated: 6,295 (as of March 31, 2014)
Business activities	Our main business activities are manufacturing and sales of following products: Cultivating machinery Tractors, Cultivators, High-clearance multipurpose vehicles, Lawnmowers Planting machinery Rice transplanters, Vegetable transplanters Harvesting machinery Combine harvesters, Binders, Harvesters Processing machinery Rice hullers, Dryers, Rice milling, Rice graders, Vegetable harvesters Others Farming implements, Spare parts, Agricultural facilities

<Achievement trends (consolidated)>



<Sales composition by product category as of March, 2014 at the end of fiscal year>



<Financial statements>

Summary of consolidated balance sheet				Consolidated statement of income	
(As of March 31, 2014)				(From April 1, 2013 to March 31, 2014)	
Account	Amount (in mil. JPY)	Account	Amount (in mil. JPY)	Account	Amount (in mil. JPY)
Cash and deposits	8,228	Notes and accounts payable-trade	47,536	Net sales	169,129
Notes and accounts receivable-trade	41,598	Short-term loans payable	26,519	Cost of sales	116,412
Inventories	43,319	Long-term loans payable	17,870	Gross profit	52,716
Others	4,631	Others	36,960	Selling, general and administrative expenses	45,345
Total Current Assets	97,779	Total Current Liabilities	128,893	Operating income	7,371
Property, plants and equipment	87,152	Capital stock	23,344	Non-operating income	2,596
Intangible assets	1,006	Capital surplus	13,454	Non-operating expenses	1,682
Total investments and other assets	11,690	Retained earnings	17,266	Ordinary income	8,285
Total Noncurrent Assets	99,848	Treasury stock	△30	Extraordinary gains	107
Total Assets	197,628	Total other comprehensive income	13,072	Extraordinary losses	467
		Minority interests	1,628	Income before income taxes	7,926
		Total Net Assets	68,734	Income taxes	1,459
		Total Liabilities and Net Assets	197,628	Minority interests in income (loss)	19
				Net income	6,447

Note: The amount shown is the number after rounding the fractional part.

Note: The amount shown is the number after rounding the fractional part.

Major products

Outline of our business

Tractors



Rice transplanters



Combine harvesters



Machines for exports



Line-up of other products



Cultivator/tiller



Inside ridge processor



Onion transplanter



Binder



Dryer



Rice huller



Weighing and separating machine



Coin-operated rice milling machine



Hydroponics facility

Global vision

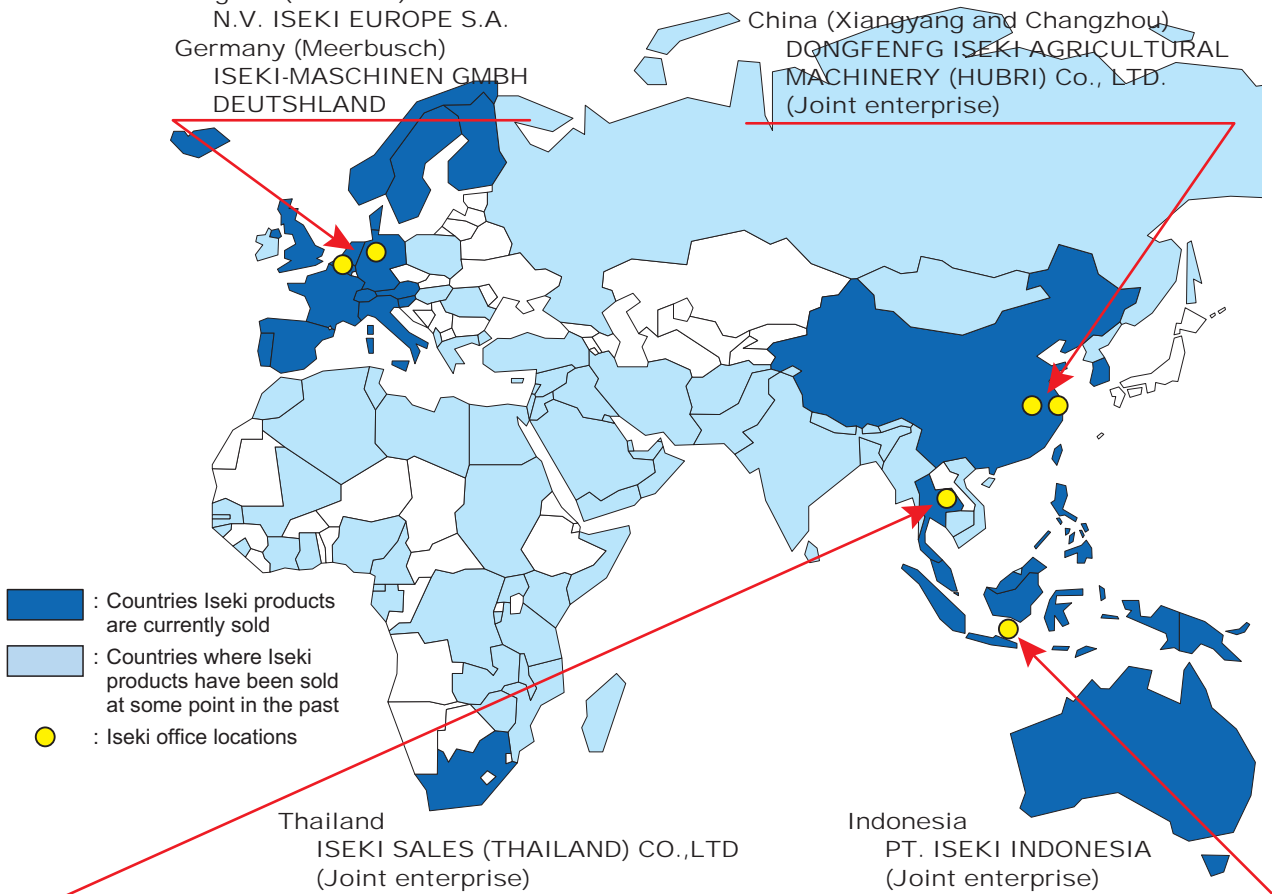
Outline of our business

Iseki products have been used in more than 100 countries and regions in a variety of fields, including of course agricultural machinery as well as machinery for mowing, light civil engineering and environmental conservation. Going forward, in addition to the existing markets of Europe, North America and China, we will enhance our overseas expansion with an eye on Southeast Asia, where mechanization is progressing rapidly, and aim to quickly achieve a 20% overseas sales ratio.



Belgium (Brussels)
N.V. ISEKI EUROPE S.A.
Germany (Meerbusch)
ISEKI-MASCHINEN GMBH
DEUTSHLAND

China (Xiangyang and Changzhou)
DONGFENFG ISEKI AGRICULTURAL
MACHINERY (HUBRI) Co., LTD.
(Joint enterprise)



[Europe]

1966 Established the Dusseldorf representative office
1967 Began exporting Iseki products
1971 Established Iseki Europe in Belgium, and later expanded the sales area into Eastern and Southern Europe.

We provide small, high performance products that meet the market needs mainly in the landscaping market (tractors and riding mowers) and agricultural tractor market.

[China]

1980s Exported 3,000 rice transplanters as a part of ODA activities
2003 Established Iseki-Changzhou MFG. Co., Ltd.
2011 Established Dongfeng Iseki Agricultural Machinery (Hubei) Co., Ltd.
2014 Established Dongfeng Iseki Agricultural Machinery Co., Ltd.

In the Chinese market, where agricultural mechanization is advancing rapidly, through the establishment of Dongfeng Iseki Agricultural Machinery Co., Ltd. in 2014, we will aim to expand our business by developing and bringing to market new products and establishing a supply chain.



USA (Atlanta, Heston)
AGCO Group (MASSEY FERGUSON)



..... [North America]

1977 Began export of tractors
Currently, we are an OEM supplier of compact and utility tractors to AGCO, a global agricultural machinery manufacturer.

In 2014, we will launch an economy tractor manufactured in Indonesia.

..... [Asia and Oceania]

1965 Began export to Oceania
2003 Began selling tractors in Thailand
2004 Began exporting large combine harvesters to Korea
2005 Established a representative office in Bangkok, Thailand
2012 Established Pt. Iseki Indonesia
2014 Established Iseki Sales (Thailand)

We will aim to establish the Iseki brand by quickly stabilizing operations at Iseki Indonesia, which started production in 2014, and strengthening the sales capabilities of Iseki Thailand, which recently began selling Iseki products.

Corporate governance and compliance

Sociality report

< Approach to corporate governance and compliance >

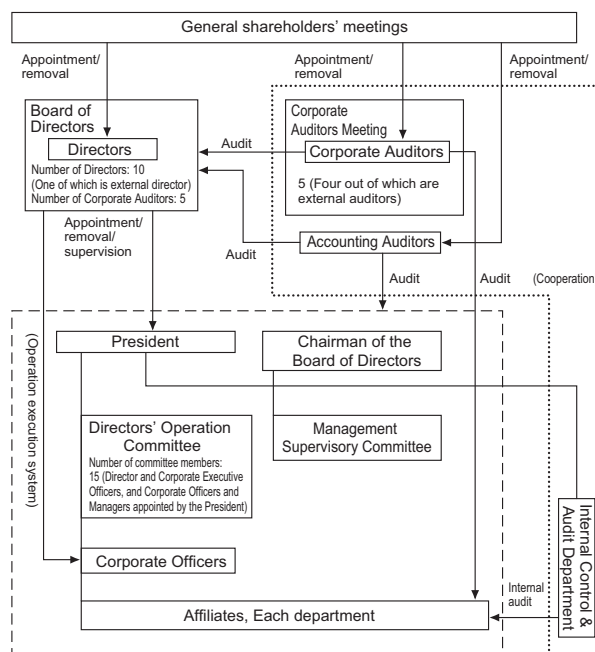
Corporate governance system

We operate the management system as shown in the organizational chart on the right by focusing on quick and accurate response to changes of the management environment to maintain fair management.

<Board of Directors> Board of Directors makes decisions on basic matters in relation to management as well as matters set forth in laws, regulations and the articles of association. Also, the Board holds regular Board of Directors meetings once a month in order to make prompt decisions and extraordinary Board of Directors meetings as necessary. Regarding the execution of business, the corporate officers fulfill their duties smoothly as the persons responsible for the various operations appointed to each executive officer at Board of Directors meeting. In addition, with the aim of managing the business in a sound manner, Directors' Operation Committee meetings comprised of all director and corporate executive officers and corporate officers appointed by the President, and deputy division manager of each Division are held twice a month, in principle, in order to share the latest information and discuss and report on how the business should be expanded, the existence of risks and measures to prevent and avoid any existing risks.

<Corporate Auditors Meeting> Corporate Auditors are comprised of five Corporate Auditors, four out of which are external auditors (and one is an attorney). Corporate Auditors attend the Board of Directors and Management Supervisory Committee meetings. In addition, they set their own audit policy and audit the operations and assets of the company and our subsidiaries in cooperation with the Internal Audit Department and accounting auditors, and they strictly check the important agenda items at the Directors' Operation Committee meetings and the status of operation execution by Directors.

<Corporate governance organizational chart>



Establishment of internal control of group

To secure appropriateness of operations, we have defined the basic policy on internal control to organize the internal control system and review it if necessary. We disclose the basic policy on internal control on our website.

<Basic Policy on Internal Control (extracted)>

- (1) The system is to secure compliance of job execution by directors and employees with laws and regulations as well as the Article of Association
- (2) The system concerning maintenance and control of information related to job execution by directors
- (3) Regulations and other systems concerning management of risk of loss
- (4) The system to secure efficient job execution by directors
- (5) The system to secure appropriateness of operations of the company and the company group which consists of subsidiaries
- (6) Matters related to the independence of employees who assist in duties of corporate auditors from directors
- (7) A system for directors and employees to report to auditors and other system to secure effective implementation of auditing by auditors

Compliance system

Under the director in charge of compliance, a company-wide compliance team takes initiative to provide compliance training continuously to prevent injustice and scandals from occurring by spreading consciousness of compliance to all the executives and regular employees. In addition, we have established the "Management Supervisory Committee" with the chairman of the board of directors as the chairman, all the directors as members and all the auditors as observers to check the thoroughness of compliance.

<Main actions for the compliance system>

- (1) Establishment of the "Iseki Group Code of Ethical Behavior" and distribution to everyone in the group, and continuous execution of training based on the code
- (2) Spreading consciousness of compliance by issuing and posting "Compliance News" regularly
- (3) Establishment and use of Group Internal Communications System (Ethical Hotline)

<Fundamental principles of Iseki Group Code of Ethical Behavior>

1. To comply with laws and regulations
2. To respect basic human rights
3. To respect common sense
4. To disclose information properly to fulfill social responsibility for explanation
5. To make efforts for environmental preservation

Status of approaches to fair trade

For fair development of the society, we promote the following approaches to fair trade with our customers, suppliers and vendors.

[Approach to compliance with Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors]

- We have entrenched check and supervision with control by a system and monitoring in audit, etc.
- In addition, we provide continuous education by introducing recent warning cases concerning the Act against Delay in Payment of Subcontract Proceeds, Etc. to Subcontractors.

[Approach to compliance with Act against Unjustifiable Premiums and Misleading Representations]

- By following the rules of fair competition code for agricultural machines stipulated according to the regulations of the Act against Unjustifiable Premiums and Misleading Representations, we strive to create flyers and catalogs with necessary information described and make point-of-purchase display without giving customers wrong ideas.

Concerning a bidding of facility construction, Iseki has received an on-site inspection by Japan Fair Trade Commission in November 2013 for suspicion of an Anti-Monopoly Act violation. We will fully cooperate with the inspection conducted by the Commission and work to thoroughly implement compliance with laws and regulations as well as to enhance internal control.

Aiming to respect human rights and for a happy workplace

Sociality report

< Approach to respect human rights >

In the "Iseki Group Code of Ethical Behavior" established in 2003, Iseki Group stipulates "to respect basic human rights and avoid discrimination and harassment based on nationality, race, religion, sex, disability, etc". According to this code of conduct, we promote actions to respect human rights.

Prohibition of discriminatory treatment

Iseki Group observes the labor law and works on appropriate employment management, avoiding discriminatory treatment based on nationality, race, religion, sex, disability, etc.

Education on respect for human rights

We distribute the "Code of Ethical Behavior" to all the employees of Iseki Group and educate them to behave with respect for human rights in the society and among people. We also prohibit actions that ignore the personality of others such as sexual harassment and power harassment and instruct employees to be careful about their language and behavior on a daily bases.

Internal communications system

As an internal communications system of Iseki Group, we have established the "Ethical Hotline" in order to detect potential problems in companies of Iseki Group and prevent them from occurring.

- The communication routes are (1) office organization route, (2) Iseki personnel division route and (3) external route to the lawyer.
- Items to be communicated are (1) violation of law, (2) violation of Code of Ethical Behavior such as respect for human rights and (3) violation of company rules such as work regulations. We try to create an environment where people can consult about problems easily.

Protection of personal information

Recognizing importance of protection of personal information in an advanced information communication society, we set a philosophy to respect human rights and manage and use personal information legally and fairly as per respect of privacy and privacy policy.

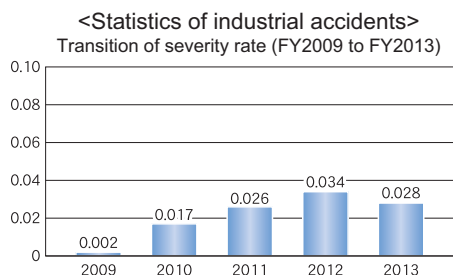
< Approach to a happy workplace >

Occupational safety and health

We set "a healthy and safe workplace" as a code and aim for thorough management of safety and health across Iseki Group.

Since the working environment differs from office to office, we work on activities for safety and health according to the actual state of each base of each company.

Especially, in manufacturing companies, we promote improvement of awareness by conducting safety and health patrol, striving not only for continuous "zero industrial accident" but also thorough reduction of accident risks.



* Severity rate: Workdays lost per 1,000 working hours
* Target: Iseki and four factories

Health management

While recognizing the great impact the working environment has on the health of employees, we strive to create a comfortable working environment by holding various seminars at each office and other activities.

- Iseki-Kumamoto MFG. Co., Ltd.
 - Topic: Preventing and responding to strokes
-Responses by you and those around you-
 - Date: Wednesday January 15, 2014
 - Lecturer: Dr. Yoichiro Hashimoto
(Head of the medical examination section and neurology at Kumamoto City Hospital)
- Tobe Office
 - Topic: Preventing and handling heat stroke
 - Date: Wednesday, July 10, 2013
 - Lecturer: Mr. Yasunari Agario
[Otsuka Pharmaceutical Co., Ltd.]
(A Rev. Medical, A general instructor)

Employment and human resource development

Sociality report

< Approach to employment and human resource development >

Iseki Group regards “human resources” as an important point to survive in a fast-changing business environment, in addition to the development of competitive products. Therefore, we try to create a rewarding workplace to bring out motivation and abilities of employees to a maximum extent, which will lead to the development of our business.

Recruitment

Iseki Group strives to secure necessary human resources to carry out its social mission and recruits people based on their personalities and abilities.

Above all, we focus on recruiting those who can respond to full-scale development of global strategies in order to promote the increase of overseas sales which is one of our most important issues.

We also positively work on mid-career recruitment of people with high abilities and precious experiences.

Human resource development

For sustainable growth of Iseki Group, human resource development is essential. We work on a variety of ability development to effectively utilize the human resources of the group and draw out maximum performance.

After education of new employees, we provide detailed education, including training divided by job in each division and each company, foreign language training, succession of skills and techniques with the introduction of the meister system, and a corresponding education system to promote self-development as well as training divided by level to the entire group according to skills of employees.

In addition to the Training Center (Tsukubamirai-shi, Ibaraki prefecture) that has developed human resources with training aiming at enhancement of sales and service capabilities, we will establish Iseki Technical Training Center (ITTC, Matsuyama-shi, Ehime prefecture) as a training base for human resource development for manufacturing sites in autumn 2013 to improve capabilities on sites.

Diversity

As globalization of business deployment progresses and the securement of capable human resources is required, we promote recruitment of foreigners and appointment of women in management.

We will continuously take such actions and support career formation of employees so that diverse people can utilize their abilities to achieve the best performance.

We also promote recruitment of physically-challenged people and work on creation of a working environment that is friendly to everyone.

Work-life balance

We have introduced the following measures to ensure that each employee leads a more fulfilling life by balancing the career and private life while fully displaying his/her ability to fulfill his/her duties at work (including those applied only to some departments).

- (1) Recruitment for jobs in limited work locations
- (2) Flexible working hour setting by flextime system
- (3) Reduction of extra work with implementation such as “no overtime” day.
- (4) Implementation of child care supporting measures through General Business Owner Action Plans based on Act on Advancement of Measures to Support Raising Next-Generation Children

Meister system

The meister system is a system that allows skills to be passed on smoothly from skilled workers on site to young mid-level employees.

For each important job type, we certify a person as a meister (excellently skilled worker) who will be engaged in skill upgrading, instruction and cultivation of young employees.



<<Introduction of meister>>

Iseki-Matsuyama
MFG. Co., Ltd.
Machinery Tool Section

Mr. Kazuya Okino

- Meister job category:
Maintenance

I belong to the Machinery Tool Section at Iseki-Matsuyama MFG. Co., Ltd. Since joining Iseki, I have been in charge of equipment repair and improvement as part of the electrical maintenance in our manufacturing locations.

Based on my experience, I think communication within the workplace is even more important than having skills, techniques and knowledge.

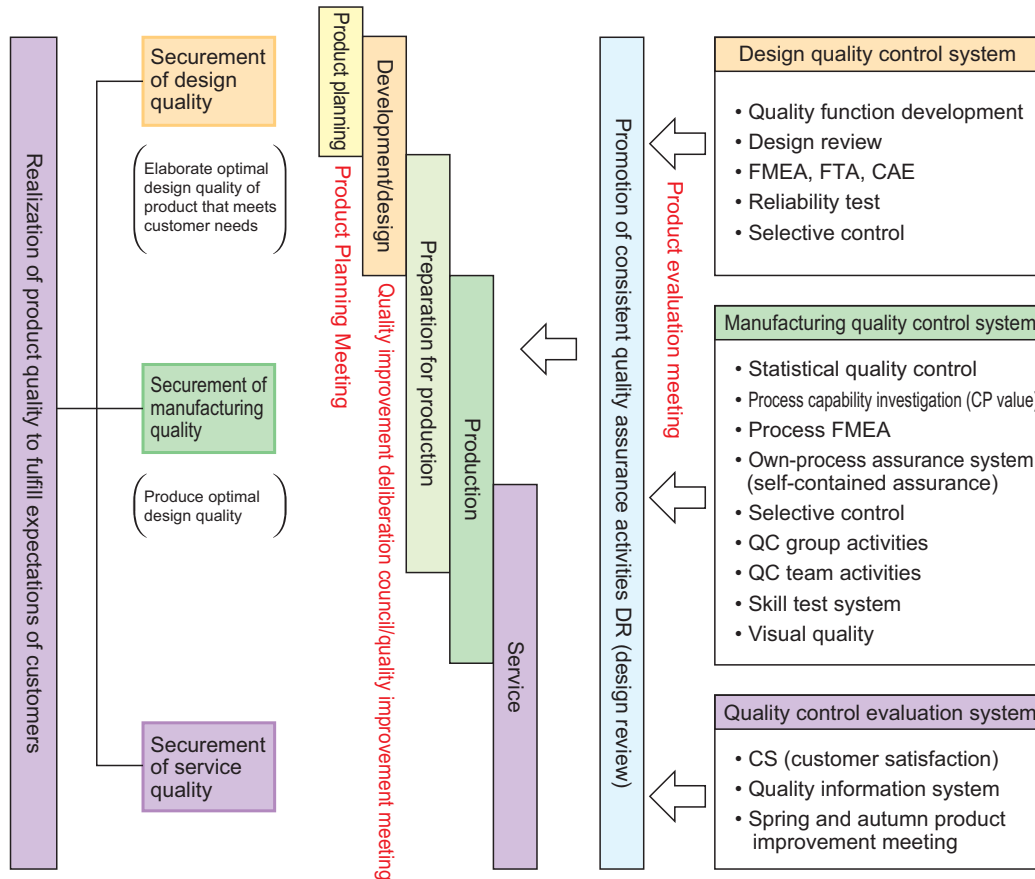
Currently, there is a variety of equipment in our manufacturing locations, from old equipment to newly installed equipment, and it is my job to analyze equipment failures. As a Meister, while placing importance on communication, I transfer my skills to younger generations, including improving their knowledge and skill in relation to equipment maintenance.

To achieve customer satisfaction

Sociality report

< Approach to quality assurance activities >

To make products that secure safety of customers and fulfill their expectations, we effectively organize consistent quality assurance activities from product planning to production and service, and make evaluation in DR for quality assurance for each step. We elaborate product planning in the Product Planning Committee (body to decide commercialization of products) and the quality of design and production in the quality improvement deliberation council (a body to validate the qualities of products).



< Handling of recall >

If any problem occurred to products used by customers and we find it necessary to take improvement measures, we check and repair the products immediately, giving first priority to the safety of the customer.

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

Note

Notices on reporting of recall are posted on our website. Please visit the following address.

<http://www.iseki.co.jp/news>

<Transition of number of recalls over years ^(*)>

FY	2009	2010	2011	2012	2013
Number of recalls	2	6	2	3	3

*1 Ministry of Land, Infrastructure and Transport, Ministry of Agriculture, Forestry and Fisheries, Ministry of Economy, Trade and Industry, etc.

*2 Number of recalls reported to the Ministry of Land, Infrastructure and Transport

To achieve customer satisfaction

Sociality report

The business activities of Iseki Group consist of selling products and providing services to customers and the company motto says "our management philosophy is 'to provide consumers with products that please them', thereby we fulfill our social mission." To satisfy customers, we make it a rule to recognize the values of products and services we provide from the view point of customers, and speedily provide what is required by customers and what satisfies them. Aiming at the above, everyone in Iseki Group strives to provide safe and high-quality products and services after sales to customers.

<How to improve customer satisfaction>

We try to improve customer satisfaction with the following concepts.

- (1) The next process is the customer : To carry out our work with a concept of "The next process is the customer" in workplaces in all the departments.
- (2) Improvement of product satisfaction level : To develop products convenient for customers based on the results of market research.
- (3) Improvement of service satisfaction : To provide optimal products and information to customers.
- (4) Satisfaction of each customer : Every employee responds to customers, always considering their convenience.

< Services after sales of products >

CS promotion activity

Iseki Group holds a CS Enhancement Committee every month to follow and check the results of instructions of product delivery to customers and results of condition inquiries in sales subsidiaries across Japan for CS promotion of Iseki Group.

- Service before the sales : Implementation of delivery instructions based on delivery check sheet
- Service after the sales : Implementation of inquiry about new vehicles and maintained vehicles

In-house education, external courses

In the training facility (Training Center) in the Technical Support & Solution Center in Ibaraki prefecture, we provide a wide range of courses such as training for maintenance of agricultural machines and training for the safe use of the machines by customers with sales persons and service persons of sales subsidiaries and successors of dealerships as trainees.

Consumer consulting service

<Contact Us page of consulting service>

The "Contact Us" page is on our website. Please visit the following address.

<http://www.iseki.co.jp/contact>

<Inquiries to website by e-mail>

In the "Contact Us" page of the website of ISEKI CO. LTD., we welcome a variety of inquiries from customers concerning (1) products and (2) the entire company, etc. In "Technical inquiries to manufacturer" of "Inquiries as to product," our Technical Support & Solution Department serves as a window of technical inquiries as to products and responds to inquiries from customers with responsible technology departments of the relevant products.

There were about 850 inquiries by e-mail in FY2013 and we have replied and responded to all of them.

<Number of inquiries by e-mail in FY2013: Approx. 850>

Product	Inquiry rate
Tractors	29%
Cultivators/tillers	15%
Rice transplanters	15%
Combine harvesters	15%
Others	26%

<Telephone consulting for technical inquiries as to products>

For the above "Inquiries as to products", we directly respond to phone calls from customers in addition to "inquiries by e-mail". There were about 500 inquiries by phone in FY2013.

We receive various inquiries and consultations not only from customers but also from various organizations such as administrative institutions, electric power companies, design offices, insurance companies, and police stations. The person in charge responds to them with respect.

<Number of inquiries by phone in FY2013: Approx. 500>

Product	Inquiry rate
Tractors	28%
Cultivators/tillers	10%
Rice transplanters	7%
Combine harvesters	13%
Others	42%

To achieve customer satisfaction

Sociality report

< Agri-Hero support project >

Iseki is working on the “Agri-Hero support project” to support farmers by introducing not only agricultural machines but also proposing multifaceted farming activities, including production management and cultivation technologies.

The agricultural environment in Japan requires the use of larger fields and reduction of production costs. In addition, a shift in cultivation is happening from staple food varieties of rice to rice for animal feed, wheat and soybeans. Shifting from growing rice to growing other crops brings about a significant change in the cultivation method itself, in addition the need for improved precision in management work, including field management, work process management and cultivation management.

Up to now, we have supported agriculture by providing agricultural machinery and maintenance work, but going forward, we will contribute to agriculture in Japan according to its changes by making proposals on the soft aspects of general farm management.

Full-scale training began in April 2014, and regarding training facilities, we are planning to enhance the seminar rooms and agricultural machinery maintenance workshops at the Training Center in Ibaraki prefecture.

<Overview of the Agri-Hero support project>

1. “Agri-Hero” refers to the farmers who support agriculture in Japan. We will support Agri-Hero on the farm by providing not only agricultural machines but also by making proposals on the soft aspects of general farm management, including production management and cultivation technologies.
2. We will educate human resources within Iseki Group who can think and make proposals for profitable farming. After the training, they will be able to
 - Make proposals on soil preparation, which is the foundation of crop cultivation
 - Make proposals on technology for cultivating soybeans, wheat, vegetables and rice as well as on low-cost production technologies
 - Perform work management and business management using ICT technologies

<Scenes from the training>



< Participating in the Ministry of Agriculture, Forestry and Fisheries “NOGYOJOSHI” Project >

Iseki participated in the “NOGYOJOSHI” Project sponsored by the Ministry of Agriculture, Forestry and Fisheries. The objective of this project is to provide society with information, new products and services through collaborations between female farmers and corporations.

The project we are working with is called “YUMEARU NOGYOJOSHI OEN” Project in which women share the difficulties they have as farmers and provide support. To be specific, Iseki makes proposals on and provides support with the way to effectively select and use agricultural machines appropriate for each region and crop as well as cultivation methods. In addition, Iseki offers opportunities to exchange information on farming and the maintenance of agricultural machinery through training and seminars.

Held the first “YUMEARU NOGYOJOSHI OEN” Project

On June 16th and 17th, 2014, Iseki held the first “YUMEARU NOGYOJOSHI OEN” Project at Tsukubamirai-shi, Ibaraki prefecture, which is where our Training Center is located. Fourteen female farmers from all over the country participated in this project, and we provided a seminar on the safe use of agricultural machines and selecting the appropriate machines.

- (1) Held a seminar on the use and maintenance of tillers, cultivators and brushcutters
- (2) At the workshop, a meeting was held for exchanging opinions on what should be included in the user’s manual of the agricultural machines, as well as on the items noticed during the seminar, questions female farmers have in their daily activities and requests in relation to the agricultural machines from their perspectives

Iseki will strive to contribute to the agricultural development by solving questions related to agricultural machinery and farming through these seminars.



To achieve customer satisfaction

Sociality report

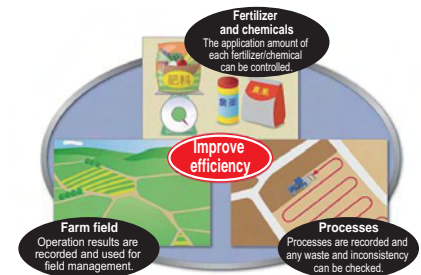
< Iseki Agrisupport Initiative >

We commercially developed "Iseki Agrisupport," a system that supports better farm management of the customers based on the history and analysis of the agricultural machine's operations.

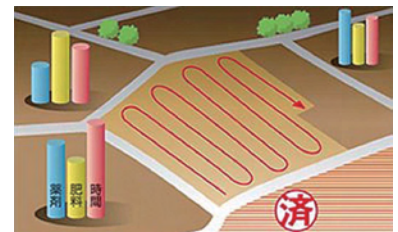
As farmland is becoming more concentrated in the hands of a smaller number of farmers and the forms of farm management are changing, a system that supports field work based on data analysis is required for effective farm management and reducing production costs. In order to respond to such requests, Iseki supports the agriculture with a future from soft aspects through the introduction of "Iseki Agrisupport," which supports customers' farm management by displaying the track of work, fuel efficiency and operating time utilizing a list of daily field work and internet map.

Key features

1. Excellent portability
Information on the work and machines can be obtained through the operator's smartphone or tablet.
2. Low running cost
The only cost is the cost of the initial unit. No royalties are required regardless of how many smartphones or tablets are used. (A separate contract is required if the internet map will be used.)
3. Functions
 - (1) Support for pre-work inspection
The status of the machine being used (battery voltage, air cleaner, fuel level, engine oil pressure, etc.) can be checked before starting to work, thereby making the performance of inspections and maintenance easy.
 - (2) Work results
Process details of the work performed each day, including the hours of work, area worked, amount of fuel used, and details of the work, are displayed as figures and track of work and can be managed, so it is possible to improve efficiency and prevent missed work.
 - (3) Hours of work and distance traveled
The hours of work and distance traveled of the machine can be seen at a glance.
 - (4) Analysis of the work
It is possible to perform analyses by work type (engine stop, work stop, turn on/off PTO, run, etc.) and engine load as well as an analysis of operations. This leads to an improvement in work efficiency.
 - (5) Amount of fuel used and fuel efficiency
The amount of fuel used and fuel efficiency can be checked at a glance, which can assist in reducing costs, such as fuels costs.
 - (6) Alert information
All alert information from machine is recorded and displayed. By taking measures in advance, accidents can be prevented before they occur.



<Support work management>



<Confirm at a glance>

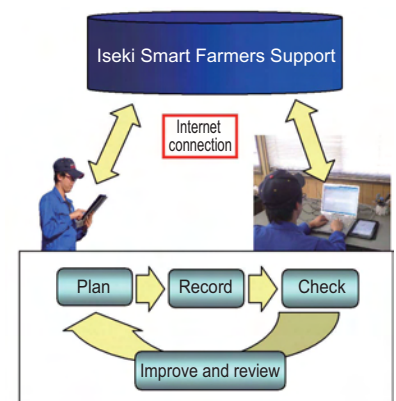
< Cloud service for agricultural producers initiative >

Iseki has reached an agreement to collaborate with Fujitsu Limited in the development and provision of cloud services for agricultural producers.

We will provide "Iseki Smart Farmers Support (Iseki version of Akisai)," which was developed by incorporating the know-how we have accumulated from customer feedback to "Akisai' Cloud for the Food and Agricultural Industries," a SaaS-based solution for agricultural production management being provided by Fujitsu, the industry leader in agricultural production systems.

By entering information about field work through the network from a computer or mobile terminal, it is possible to reduce the work load of recording data on field work and growth. We will support initiatives directed at improving farm management ability by making farm management, production and quality visible.

By entering information into "Iseki Smart Farmers Support" based on the field work records left in the tablet after using Agrisupport, the information can be smoothly linked.



Contribution to local communities

Sociality report

< Approach to revitalization of deserted farmland >

The area of deserted farmland has been increasing in these 20 years. It is reported to be approx. 400,000 ha all over the country. Deserted farmland is especially found in mesomountainous regions mainly because of decrease of successors of agriculture in the regions. It has also caused depopulation and exhaustion there, which is one of the important problems of Japanese agriculture to be solved.

In such circumstances, approaches that aim at revitalization of deserted farmland and regional activation are promoted nationwide as one of the plans promoted by the government to increase the food self-sufficiency ratio. Iseki Group also supports local activities and proactively works on them.

Support for revitalization of deserted farmland in Wakayama prefecture

Iseki Group has joined in the “Home of companies” system in Wakayama prefecture and conducted supporting activities for resurgence of “hatake-gonbo” in the Nishibata area in a mesomountainous region of Hashimoto-shi, Wakayama prefecture.

The “Home of companies” system is a project of Wakayama prefecture that aims at promotion of local production for local consumption in rural regions and local landscape preservation, etc.

“Hatake-gonbo” is a big, fragrant burdock root that had been cultivated in this Nishibata area since the Edo period (1603-1868). However, cultivation died out at the beginning of the Showa period (1926-1989) because working in steep-sided fields was extremely laborious.

About 80 years later, residents of the Nishibata area decided to revive hatake-gonbo using deserted farmland in order to reinvigorate the region. We are proposing a completely mechanized system that eliminates the heavy labor required for soil preparation, seeding, management and harvest.

This is the second year since the launch of this project, and we continue to support the revival of more deserted farm land than the previous year as well as improved yield and quality.

The residents of the local community were happy with the large, fine hatake-gonbo that grew, and they are working to expand production directed at the creation of the sixth industry, such as the development of products using hatake-gonbo, as well as invigorate the region.

Iseki Group will further continue to support these activities through agricultural machinery.



Deserted farmland



Harvested hatake-gonbo

Support for the revival of deserted farmland in Yamaguchi prefecture



Soybean seeding



Field of wheat growing

As one of local regeneration activities, “Green Co-op Yamaguchi” in Yamaguchi prefecture started a business to produce agricultural products by themselves to provide their union members with safe and secure agricultural products.

For this purpose, they regenerate the deserted farmland in the prefecture and challenge cultivation of soybeans, sticky rice and wheat. Iseki Group supports them with this restoration of deserted farmland and provides cultivation techniques.

They also have implemented trial cultivation of agricultural products in order to establish another primary source of revenue. The purposes are improvement of cultivation techniques of farm producers and provision of safe and secure agricultural products produced by themselves to union members. Fall brought a large harvest, and the union members participated in picking the vegetables.

Iseki Group makes proposals and gives guidance about revitalization of deserted farmland, sparse rice cultivation, and ^{Note)} Soybean 300A techniques by utilizing agricultural machines.

Note) “Soybean 300A techniques” are plowing/sowing techniques to avoid moisture damage that is a factor of unstable yield amount (unit crop) per unit area.
“300” of “300A” means that the yield amount per 10 are is 300kg. “A” means quality A class (1 and 2 classes), aiming at high quality and much yield amount.

Contribution to local communities

Sociality report

< Cultivation support to a company that has newly entered agriculture >

NANKAIKOGYO, Inc. that runs a recycling business of consumables for copying machines, etc. at the foot of Ashigara Mountain in Kanagawa prefecture established "NANKAI Farm" in 2009 as a new business, entering agriculture from a totally different business. From the establishment of NANKAI Farm, Yanagita Iseki Co., Ltd., a member of Iseki Group, has supported them proactively with farming in addition to agricultural machines. Under this situation, NANKAI Farm requested us to give guidance about "onion growing" and our "Agri-Business Support Department" supported the entire process of onion growing from preparation of soil to harvest, resulting in securement of a sufficient yield amount.

In addition, NANKAI Farm started a new initiative last year in which they grew the local variety of soybeans "Tsukui-zairai" and promoted the creation of the sixth industry using the soybeans to make tofu. Those who have eaten the tofu made with the rare Tsukui-zairai soybeans say it tastes very good, and overall the tofu has been received well. This year, NANKAI Farm plans to double the area planted with Tsukui-zairai. Iseki also supported the wheat cultivation, and it was a good harvest.

With a motto of "contribution to community," NANKAI Farm intends to expand their business, considering that success in agriculture leads to regional vitalization. We will continue to support "agriculture with dreams" with the aim of further improvement of efficiency in agriculture.



Spraying the soybean field



Harvesting wheat

< Cultivation technical support directed at increasing production of regional specialty goods >

A production cooperative comprised of JA and representative growers of Noto Dainagon Azuki beans, a regional specialty products of Okunoto, established an experiment farm in the Karakasamachi area of Suzu-shi in Ishikawa prefecture. The aim of the initiative is to increase the production volume of Noto Dainagon Azuki, which has been low the past several years, and various training will be conducted from seeding to harvest under the guidance of the Suzu Agriculture Office.

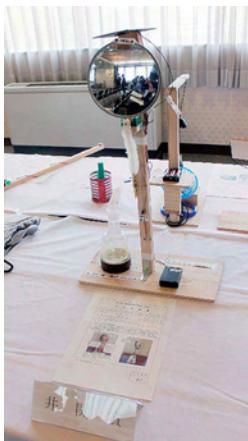
In addition to the performing seeding with a large tractor during the seeding training held in July, Iseki Group provided training on farming software in order to support the initiatives aimed at a stable harvest of Noto Dainagon Azuki.

Going forward, we will continue to partner with the local community and support initiatives directed at the development and revitalization of regional agriculture.



Seeding of Azuki beans

< Support for Ehime Prefecture Children's Exhibit of Invention and Devices >



Iseki Prize winner

The awards ceremony of the 72nd Ehime Prefecture Children's Exhibit of Invention and Devices was held on October 31, 2013. Also this year, many children in elementary and junior high schools as well as in boys and girls invention club entered this exhibit and 5 special prizes, including Iseki Prize, and other awards were given to 35 works in total.

We participate in the review of this exhibit and give Iseki Prize every year to contribute to society. This year, "environmentally-friendly and safe curve mirror cleaner" invented by a sixth grader was selected for Iseki Prize. When a sensor detects that the curve mirror has become wet with rain, a brush automatically cleans the curve mirror, which is installed in a high location.

Eco vision

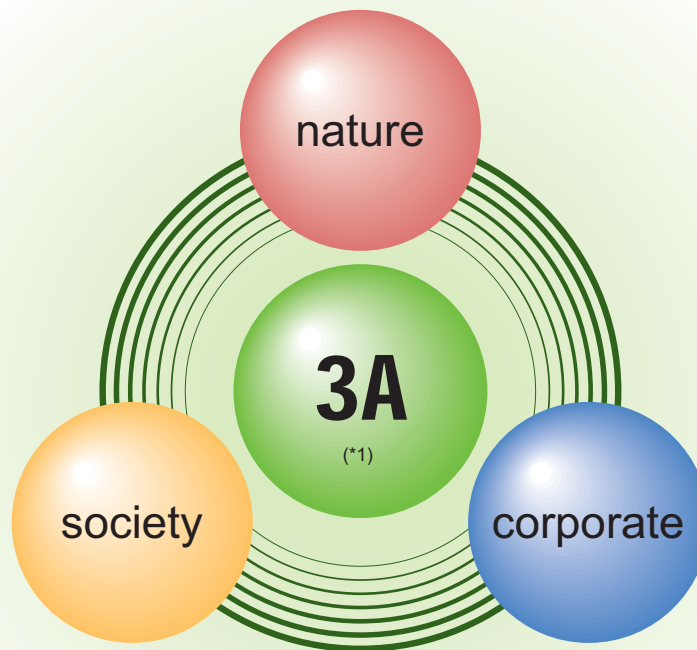
Environmental report

Iseki Group has determined the direction that can be the base of our “Eco vision: Green Circle”, and the words, “Environmental concept”, “Basic environmental policy”, and “Environmental conduct guidelines”, best explain our principles. We promote these concepts across the group.

[Green Circle]

*1:3A is

The management on the Axis of Agriculture and Agricultural machine (3A)
“Business Management with Agriculture and Agricultural Machinery as its key”



Iseki Group has walked together with Agriculture since its establishment. Based on our managerial creed, “Management on the Axis (3A) of Agriculture and Agricultural machines”, we promote environmental preservation activities with harmony between nature and society.

[Environmental concept]

“Agriculture and Agricultural machines” are the axes of our management and we contribute to the formation of a continuously growing society through activities for harmonizing nature, society, and business entities.

[Basic environmental policy]

1. Maintain environmental management system and its functional applications
2. Reducing elements of our business activities and products which may be causing stress on the environment
3. Compliance with environmental laws, regulations, and standards
4. Environmental education and information disclosure

[Environmental conduct guidelines]

1. Development activities considering environment
Recycling and reduction of noise, vibration, fuel consumption, emission gas, and environmental stress substances
2. Environment-friendly manufacturing activities
Prevention of (air, water, noise, and vibration) pollution, energy-saving, resource-saving, and purchasing green
3. Office activities considering environment
Energy-saving and resource-saving
4. Distribution and logistics considering environment
Improvement of transportation (packing material, more efficient transportation), disposal
5. Development of biodiversity
Promotion of tree-planting activities of Iseki Group
6. Environmental education and information disclosure
Environmental education to be offered to employees, participation in social activities and information disclosure

Second mid-term and long-term environmental targets and results of FY2013

Environmental report

Iseki Group has defined the second mid-term and long-term environmental targets from FY2011 to 2015 and work on them. Hereby, we report on the results of our major activities of FY2013.

1. Second mid-term and long-term environmental targets and accomplishments in FY2013

Item	Second mid-term and long-term environmental targets	Accomplishments in FY2013	Evaluation	Relevant pages
Realization of a low-carbon emission society	Reduction of CO ₂ emissions	To reduce the volume of energy-generated CO ₂ emissions per production volume by 6% or more compared to the average result of three years from FY2008 to FY2010	△	29
	Reduction of logistics CO ₂ emissions	To reduce the volume of energy-generated CO ₂ emissions per transportation volume (10,000ton-km) by 3% or more compared to the average result of three years from FY2008 to FY2010	○	29
Restraint of manufacturing resource	Reduction of total material input	To reduce the total volume of materials input per production volume by 3% or more compared to the average result of three years from FY2008 to FY2010	○	29
Formation of recycling-oriented society	Reduction of volume of water used	To reduce the volume of water used preproduction volume by 33% or more compared to the average result of three years from FY 2008 to FY 2010	△	30
Restraint of toxic chemical substances	Reduction of used volume of chemical substances subject to PRTR law	To reduce the used volume of chemical substances subject to the PRTR law per production volume by 12% or more compared to the average result of three years from FY2008 to FY2010	△	30
Formation of recycling-oriented society	Reduction of volume of final wastes	To reduce the volume of final wastes preproduction volume by 15% or more compared to the average result of three years from FY2008 to FY2010	×	31

2. Mid-term and long-term targets of business activities and results of FY2013

Classification	Item to be implemented	Accomplishments in FY2013	Evaluation	Relevant pages
Environmental management	(1) Quality improvement of environmental management system	● According to the environment management systems of ISO14001 and EA-21, we prepared action plans by making use of the characteristics of each department to improve the quality of activities.	○	18
	(2) Implementation of environmental education	● We specified and promoted environmental education of the year based on the policy of each general manager.	○	20
	(3) Responses to stakeholders	● We communicated state of initiatives Iseki Group is working on to all stakeholders to build mutual trust.	○	21
Product development and service	(1) Prohibition, reduction and restraint of use of toxic substances included in procured parts	● We promoted grasp, reduction and abolition of toxic substances according to our green purchase standard in cooperation with our suppliers.	○	24
	(2) Development of products to reduce environmental stresses	● We promoted development of products to reduce environmental stresses by improving the durability, fuel and working efficiencies, etc. with use of the product assessment system.	○	25
	(3) Establishment and expansion of product assessments and execution of LCA evaluation	● We promoted environment-conscious designing that allows grasp of the volume of CO ₂ emissions in the entire cycle from parts manufacturing to disposal, etc. by executing product assessments and LCA evaluation.	○	26
	(4) Provision of information contributing to environmental preservation	● On product manuals, we properly described cautions for using the products and failure diagnosis, as well as cautions for disposing the products from the view points of environment, safety and health.	○	26
	(5) Development of products in consideration of biodiversity	● We promoted development of products in consideration of biodiversity and formation of a recycling-oriented society.	○	34

Evaluation criteria ○: Achieved △: Nearly achieved ×: Not achieved

Outline of management

Environmental report

We deploy our approaches to develop the recycling-oriented and Low-Carbon society and biodiversity within all of our group companies.

〈Promotional scheme〉

According to the environment management system, Iseki Group promotes environmental preservation activities through the entire cycle of product development, manufacturing, logistics and disposal, aiming to develop a recycling-oriented and Low-Carbon society and to preserve biodiversity.

〈Environmental planning group meeting〉

The Environmental Planning Group Meeting deploys environmental targets and action plans decided in the Directors' Operation Committee to each district and manages the progress of such plans.

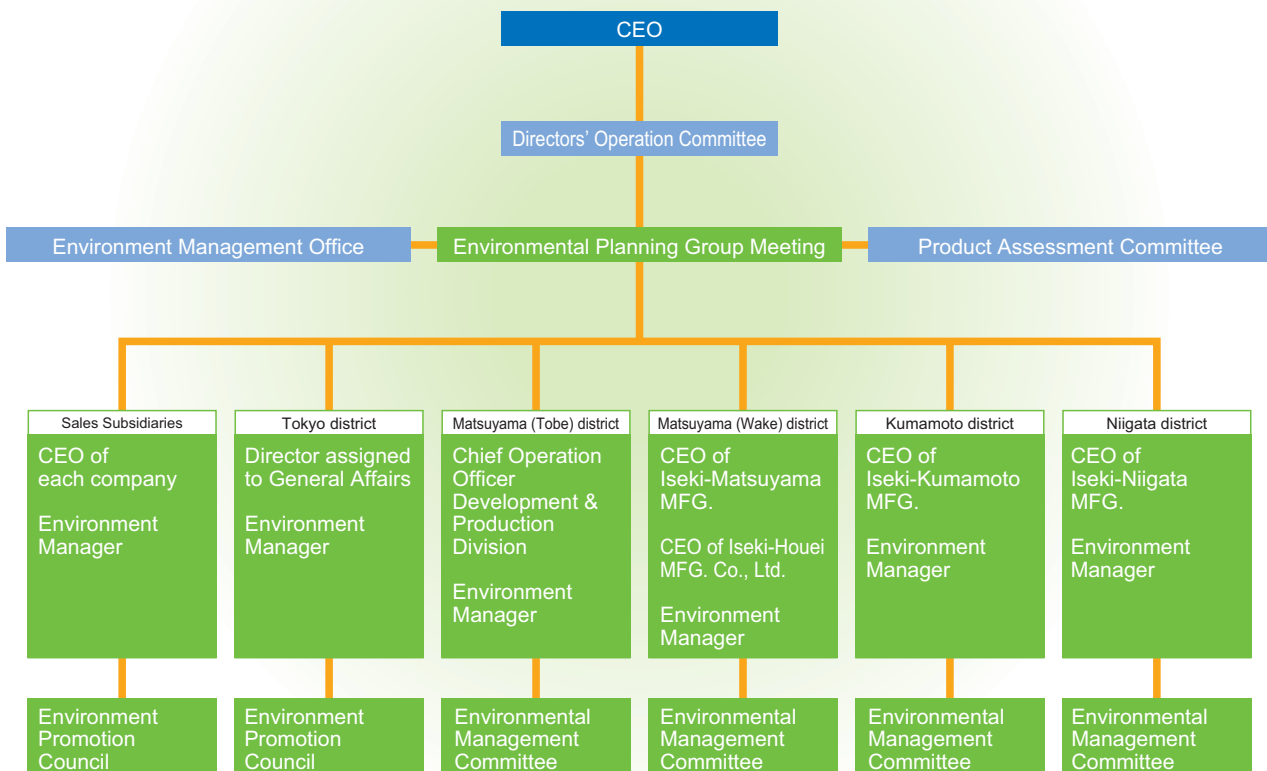
〈Environment committee〉

With the CEO as Chairman, the Directors' Operation Committee deliberates and determines Iseki Group's basic policies regarding the environment, as well as the accommodation of management targets, action plans, and corrective actions for critical environment issues submitted by the Environmental Planning Group Meeting.

〈Environment management system employed in each district〉

An Executive Officer responsible to promote the environmental management activities and an Environmental Manager are assigned to Tokyo, Matsuyama (Tobe), Matsuyama (Wake), Kumamoto, Niigata and sales subsidiaries. They are responsible for the determination of policies, deployment of action plans and management of progress in each district according to the environment management system.

[Environmental Management Organization]



Environmental risk management

Environmental report

[Actions to comply with Antipollution Laws]

〈Establishment of self-directed standards and management in the company〉

4 local factories of Iseki Group set up and applied more stringent self-directed control standards than those described in the environment-related laws and regulations. As shown in the table below, we have cleared all the self-directed control standards in FY2013, making progress toward reduction of environmental pollution.

Measured item	Units	Iseki-Matsuyama & Iseki-Houei MFG. Co., Ltd.			Iseki-Kumamoto MFG. Co., Ltd.			Iseki-Niigata MFG. Co., Ltd.		
		Regulatory standards	Self-directed control standards	Result in 2013	Regulatory standards	Self-directed control standards	Result in 2013	Regulatory standards	Self-directed control standards	Result in 2013
Water quality	Volume of suspended substances (SS)	600	500	9	200	40	5.0	90	45	4.0
	Volume of biochemical oxygen demand (BOD)	600	500	4.4	25	8	Less than 1	60	30	12
	n-hexane (Mineral oil)	5	4	Less than 1	5.0	2.4	Less than 0.5	5.0	5.0	4.0
Air	Particulate	0.30	0.18	Less than 0.01	0.30	0.08	Less than 0.01	0.20	0.10	0.01
	Nitrogen oxide (NOx)	260	91	72	250	200	21	230	50	15
	Particulate (electric casting melt furnace)	0.10	0.08	Less than 0.01	—	—	—	—	—	—

—: shows standard N/A or not applicable machines

〈Frequency of environment data measurement〉

Machine, equipment, and place	Measured item	Measuring frequency		
		Iseki-Matsuyama & Iseki-Houei MFG. Co., Ltd.	Iseki-Kumamoto MFG. Co., Ltd.	Iseki-Niigata MFG. Co., Ltd.
Industrial effluent	Water quality	Once a year	Once a year	Once a month
Casting melt furnace	Air	Twice a year	—	—
Boiler		Twice a year	Twice a year	Twice a year
Lot boarder line	Noise	Twice a year	Once a year	Once a year
	Vibration	Twice a year	—	—

—: shows standard N/A or not applicable machines

Environmental accounting

Iseki Group deals with the use of aggregated costs of investment and expenses used for the environmental preservation activities for our management decisions relevant to environmental preservation, as well as for a guideline of evaluation of business through information disclosures to the public. The amount invested for environmental preservation costs (pollution prevention, environmental preservation, and resource recycling costs) in 2013 was 130 million JPY. The total amount of expenses was 454 million JPY that we made through some investments into diesel engine gas emission control and fuel efficiency improvement, mainly for prevention of air pollution to comply with the laws and regulations of Europe, U.S, Southeast Asia and Japan.

Environment preservation cost				
Category	Major programs	Amount of investment (in mil. JPY)	Expenses (in mil. JPY)	
(1) Cost spent in the business area		92.9	96.5	
Breakdown	(1) Pollution prevention cost	Sewage treatment	45.8	19.0
	(2) Environment preservation cost	Inverter installation	47.1	9.5
	(3) Resource recycling cost	Waste treatment	0.0	68.0
(2) Cost required at previous and later stages	Green purchasing	0.0	28.3	
(3) Control activity cost	Maintenance of environment management system	0.0	45.2	
(4) Research and development cost	Corresponding to emission gas regulation	37.6	280.0	
(5) Community activity cost	Cleaning activity in the district	0.0	4.1	
(6) Environment recovery cost	—	0.0	0.0	
Total		130	454	

Scope of aggregation : (Iseki-Matsuyama, Iseki-Kumamoto, Iseki-Niigata, and Iseki-Houei MFG. Co., Ltd. and Tobe office)

Period of data : April, 2013 to March, 2014

Economic effects resulted from the environment preservation measures		
Details of effect		Amount (in mil. JPY)
(1)	Reduction of volume of various resources to be consumed	5.2
(2)	Reduction of environmental stress substances	31.4
(3)	Reduction of energy consumption	1.9
Total		38.5

The economic effect resulting from the environment preservation measures, such as recycling of wastes, streamlining of painting methods, use of energy-saving machines, use of processing machines equipped with inverters and appropriate control and operation of boilers, was 38,500,000 JPY. The physical effect was the reduction of CO₂ emission by 1,860 tons, reduction of water consumption by 91,400 tons, and recycling of wastes by 2,220 tons.

Responses to stakeholders

Environmental report

< Approach to systematic environmental education and training >

To develop the recycle-oriented society and realize the Low-Carbon emission society, it is necessary for each employee to enhance their own consciousness and competency of the environment to promote the reduction of environmental stresses.

For this, Iseki Group aims to improve environmental consciousness by providing education and training based on an environmental program with three major steps according to the level of environmental stresses: general environmental education for every employee, training and education for special jobs, and training for employees who engage with jobs which require certain official qualifications.



System for education and training for environment / Qualified persons

< Strict compliance to environment-related laws and encouragement to obtain official qualifications and licenses related to environment >

As we acknowledge that conformance to environment-related laws and legislation is the basis of environmental preservation activities, we therefore encourage all of our employees to observe them strictly.

At the same time, we encourage our employees to have the official qualifications needed for the promotion of developing recycling-oriented and Low-Carbon emission society, such as managers in charge of pollution supervisor, chief electrical engineer, and boiler engineers.

The number of employees qualified for official environmental qualifications as of the end of March, 2014 is shown in the following table.

Name of qualification		Number of employees
Pollution supervisor	Air	13
	Water quality	19
	Noise	18
	Vibration	16
Energy control engineer		7
Energy controller		3
Chief electrical engineer		10
Boiler engineer		81
High pressure gas production safety supervisor		11
Industrial waste treatment facility engineer		4
Specific chemical substances chief operator		17
Hazardous material handler		167

The number of officially qualified persons for environment

< Environmental education >

Iseki Group promotes the environmental preservation not only in their workshops but also in their home and community such as energy saving in their home and eco-driving. For promotion of environmental preservation, awareness of every employee is required. We strive to raise the awareness of the environment through various environmental training and issuance of Iseki Group newsletters.



Lecture for environment

< Training for internal environment auditors >

Iseki confirms the effectiveness of the system through the environmental education based on the environmental management system and yearly regular audits by external certification institutes, as well as internal system application audits.

Iseki Group trains internal auditors in a planned and regular way to enhance internal audit. We have been offering our employees in-house education and, if necessary, unified and systematic training and education by external institutions as we think it is important to up-grade the skills and capabilities of our employees in order to spiral up in PDCA of the environmental management system.

< Environmental training >

It is required to complete training and education to a certain level for any employees assigned to particular jobs such as casting, heat treatment and painting, based on training programs for each job including legal requirements, before performing actual jobs.

This training and education is offered on a regular basis, handling the impacts of such particular jobs to the environment, daily management procedures, and emergency procedures with due investigation and check of regulatory changes.

Responses to stakeholders

Environmental report

< Opening of ISEKI Dream Gallery >

Next year, Iseki & Co., Ltd. will celebrate the 90th anniversary since its founding in 1926. In commemoration of this event, the Matsuyama Exhibition Hall was reopened after renovation as the "ISEKI Dream Gallery."

The former Matsuyama Exhibition Hall opened in 1980, and since its opening, a large number of visitors, including farmers from around the country and overseas, visited the museum. In addition, numerous elementary and junior high school students from Ehime prefecture visited the museum as a part of their social studies field trips or dietary education.

The new gallery introduces Iseki's initiatives over the years to work hand in hand with and support agriculture around the world, such as "agriculture that supports dietary needs and the contribution of agricultural machinery."



Entrance hall



Visitors



Exhibition of classic products

A rice huller, which was the first piece of machinery manufactured by Iseki, decorates the center of the entrance hall. The founder's passion to "free farmers from the toils of farming" is introduced.

A display of the classic products that convey Iseki's spirit, including the nostalgic TB23 Tractor and HD50, the world's first combine harvester.

Concept of the ISEKI Dream Gallery <3 STEP TOURS>

The 90-year history of Iseki, which started from the founder's passion to free farmers from toils of farming, is introduced from the viewpoints of "manufacturing and technology" along with the efforts toward the "agriculture in the future."

Also, the gallery is located next to the Iseki-Matsuyama MFG. Co., Ltd., one of the flagship factories, and visitors can observe actual "manufacturing" at the plant. The gallery is arranged in an "Iseki 3-Step Tour" in which visitors can start from the "philosophy behind the founding of the company," followed by "current manufacturing and technologies," and then initiatives for "agriculture in the future" so that they can obtain a deeper understanding.



At the Iseki-Matsuyama MFG Co. Ltd., which is the starting point for ISEKI & CO., LTD., and at exhibitions in the Kumamoto & Niigata factories, we convey information on increasing food self-sufficiency by displaying panels explaining about "how to improve food self-sufficiency" and "eat locally," exhibiting the local products of each region, and providing materials regarding food.

Our website <http://www.iseki.co.jp>

Responses to stakeholders

Environmental report

< Beautification campaign at each sales company >

“Nationwide SANAE Beautification campaign”

As a part of Iseki's 90th anniversary activities, we implemented a beautification campaign called “Nationwide SANAE Beautification Campaign” successively at each office around the country. Through this beautification campaign, we aim to create pleasant working environment as well as “offices with hospitality” where customers will feel comfortable, safe and trustworthy!

<Initiatives of the Oguni office, Kumamoto branch, Iseki Kyushu>

As part of the SANAE Beautification Campaign, Iseki Kyushu held a model office contest with the aim of improving awareness and the level of beautification at all offices.

At the Oguni office, which won first prize, the head of the office showed leadership by leading the members of the office and personally cleaning the office. They advised with each other on noticing overlooked trash and the cause of dirt and created a high awareness of beautification. These efforts led the office to be awarded first prize.

Through the SANAE Beautification Campaign, we will further our efforts to create a pleasant working environment and an office where customers want to visit.



Declaration of shiny store and shiny smile!

Keyword



Exhibition at the Oguni office

< Farmers and Kids Festa 2013 >

Iseki Group exhibited agricultural machines and riding corners in “Farmers & Kids Festa 2013” held in Hibiya Park from November 9 (Sat.) to 10 (Sun.) in 2013. Professional farmers gathered in this event from all over Japan to transmit messages of vital Japanese agriculture to urban children as “a bridge between children and agriculture.” This time, we had 58,000 visitors.

- ◆**Outline**
- Date : November 9 (Sat.) to 10 (Sun.), 2013
 - Place : Hibiya Park
 - Organizer : Executive Committee for Farmers & Kids Festa
(Co-organizers: Japan Agricultural Corporations Association, Japan Brand Agricultural Corporation, Japan Professional Agriculture Total Support Organization)



Iseki booth



SANAE is popular again this year!



Trial use of ERENA, an electrical mini cultivator

< Food in Hometown & Food in Japan National Festival >

Iseki presented its products in “Food in Hometown & Food in Japan National Festival” held in Yoyogi Park from March 8 (Sat.) to 9 (Sun.) in 2014. “Food in Hometown & Food in Japan” that was started from 2001 is an event aiming to review local food cultures and hand them on the next generation. On this day, we were blessed with good weather most of the time and had many visitors.

- ◆**Outline**
- Date : March 8 (Sat.) to 9 (Sun.), 2014
 - Place : Yoyogi Park
 - Organizer : “Food in Home Province & Food in Japan” National Planning Committee
(Central Union of Agricultural Cooperatives, National Federation of Fisheries Co-operative Associations, Japan Fisheries Association, NHK)
“Food in Home Province & Food in Japan” Prefectural Planning Committees

Responses to stakeholders

Environmental report

< Establishment of ITTC: Iseki Technical Training Center >

ISEKI & CO., LTD. established the ITTC Iseki Technical Training Center in October 2013 as a training center for the purpose of the development of human resources and succession of skills in the manufacturing fields to cultivate front-line skilled workers, leaders, supervisors and engineers at overseas locations which will be further expanded in the future.

The new building was built in the premises of Iseki-Matsuyama MFG. Co., Ltd., and it has an environmentally-friendly structure in consideration of the environment and energy saving, employing (1) bright and simple appearance, (2) design in consideration of acceptance of trainees from overseas, and (3) use of LED for all the lighting. The center has already started acting as a sending base that plays a central role of manufacturing technologies of Iseki Group and is open for visits any time.



View of ITTC

<Training programs>

1. Manufacturing leader training course
2. New employee training course
3. Overseas employee training course
4. Floor improvement exercises (Floor supervisor training course)
5. Technical skills test and qualifying examination course
6. Special technical skills training (in-house certification)

Holding of the first “Manufacturing leader training course”

- ★ Objectives : Provide human resource training aimed at developing future manufacturing leaders and masters of technical skills. Participants will learn basic knowledge and skills of general manufacturing, and aim to pass level 2 or higher in technical skills test after the course.
- Participants : Young employees with 2-4 years of experience in the company who have high potential to become future leaders
- Training period : October 2013 – February 2014



12 employees for the first course

< Highest of environmental rating of Development Bank of Japan (DBJ) eight times in a row >

In March 2014, ISEKI & CO., LTD. earned the highest rating (“environmental consciousness is notably progressive”) of the “DBJ Environmental Rating” of Development Bank of Japan (hereinafter “DBJ”), one of our stakeholders, eight times in a row.

“DBJ Environmental Rating” evaluates index of environmentally sustainable management of companies by a screening system ^(*) developed by DBJ. It is the first loan menu in the world which offers preferential interest rate according to the point granted. Evaluation and rating are made based on not only information such as environmental reports but also on the responses to questions provided by the company itself.

<Evaluation results>

The following points were evaluated as our efforts to improve the level of environmental management. As a result, we earned the highest rating eight times in a row.

- (1) Regarding environmental management, consideration is placed on the environment through the provision of products and services supported by independent technical development capabilities, as evidenced by the large number of patent publications and patent evaluations.
- (2) Efforts are being made to preserve the ecosystem through “farmland decontamination measures demonstration project” in addition to improving efficiency and saving resources by promoting low-cost agriculture and sparse cultivation.
- (3) Environmental Performance Indexes have improved over the last three terms, including greenhouse gas emissions, as a result of the introduction of a solar power generation system at Tobe office and other initiatives.



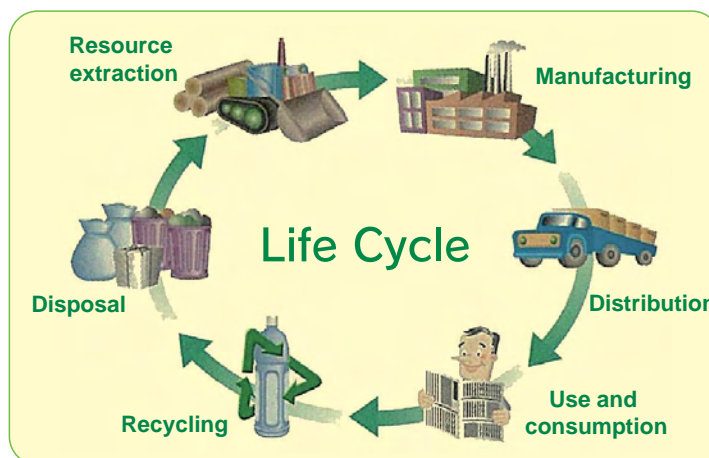
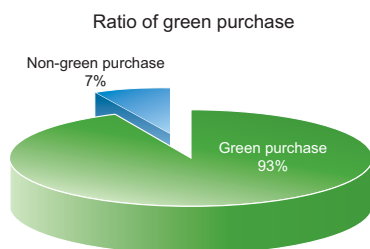
Certificate

Green purchase / Green supply

Environmental report

< Green purchase >

We promote green purchase to prioritize products with environmental labels such as eco marks and GPN (Green Purchase Network) standard products when purchasing commercialized commodities such as office supplies and electric and electronic devices. The total amount of green purchase of entire Iseki Group was 93% of the total purchase in FY2013.



< Green supply >

[Iseki Group Green Supply Guideline]

<Basic concept of the initiative>

In order for Iseki Group to perform true environmental preservation activities, it is necessary to promote environment-friendly design throughout the entire life cycle of Iseki products, including product purchases, manufacturing, distribution, product use, disposal and recycling.

As a part of these initiatives, based on our recognition that "green supply" is an important factor in addition to traditional factors of quality, cost and delivery period, we have established Green Supply Guideline to actively promote green supply.

<Specific initiatives>

1. Objectives

Based on this Guideline, we will jointly promote environmental preservation with our vendors and suppliers and preferentially conduct transactions with and purchase products from vendors and suppliers who have passed the criteria. At the same time, we will promote the expansion of green supply with the aim of establishing a sustainable resource recycling society.

2. Basic concept for carrying out the initiatives

(1) In addition to quality, price, delivery period, service and technology development capability, we will ask the vendors and suppliers to evaluate themselves using the "environmental management evaluation sheet" from the perspective of

1) their "initiatives for environmental preservation" and

2) "environmental features of the products" to be delivered,

and we will then evaluate and judge each supplier and vendor based on the results thereof and preferentially purchase products with an overall high level of environmental friendliness.

We will evaluate and select vendors/suppliers and products based on two criteria of "initiatives for environmental preservation of the vendor/supplier," which set forth the environmental initiatives in the vendor/supplier's business activities including research & development, production and sales; and "environmental features of the products," which are related to the products to be delivered.

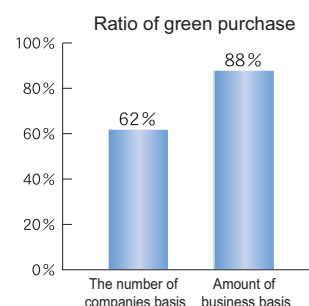
(2) The results of self-evaluation will be used as information for green supply when selecting/determining vendors/suppliers and products.

(3) In cases where the selection criteria are not met, we will ask the vendors and suppliers to make voluntary improvements.

<Results of green supply in FY2013>

We presented our "Green Procurement Guideline" to our vendors and suppliers and are jointly promoting the expansion of green supply with the aim of environmental preservation and building of a sustainable resource recycling society.

In FY2013, the green purchase ratio was 62% of the total number of vendors and suppliers and the amount of green purchase from these suppliers and vendors was 88%. Iseki will strive to require our suppliers and vendors to acquire certification of EMS in the future so as to increase the ratio of our green purchase.



Approach to design for environment

Environmental report

In order to perform product design that takes into consideration environmental preservation, including volume reduction of products, restraint of use of harmful substances, reduction of environmental stresses in each stage of manufacturing/use/disposal, and LCA assessment, we conduct product assessments of all products during the development stage using the following evaluation items. Also, we have implemented an “eco-product certification system” in which, based on the evaluation results, environmental labels are used only for products that have passed our own environment-friendly design standard. This “eco-product certification system” is intended to provide information on reduced environmental stresses of the certified products to customers and all stakeholders more plainly.

<Evaluation item>

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Volume reduction of product 2. Restraint of use of harmful and environmentally hazardous substances 3. Easiness of maintenance and inspection 4. Reduction of environmental stresses in use 5. Improvement of recyclability 6. Reduction of environmental stresses in manufacturing stage | <ol style="list-style-type: none"> 7. Reduction of environmental stresses in logistics of product 8. LCA (Life Cycle Assessment) 9. Disclosure of information on product usage (communication) 10. Noteworthy function |
|---|--|

The ten items above are further divided into detailed items to be evaluated with score respectively. Comprehensive evaluation is made with the total score of improvement.

< Initiatives of the TM Tractor series for Europe >

In Europe, 20PS and smaller tractors are widely used by small-scale individual farmers and for landscaping. The TM3185 (16PS) was developed as a product that promotes environment-friendly design, including being smaller and lighter in weight than previous models and lower CO₂ emissions compared to the company standard.

Lightweight compact tractor

Lightweight tractors (tractors weighing less than 525kg), which are frequently driven on public roads in Europe for use in hauling and landscaping, can acquire type approval without a rops (safety frame). While previous tractors required a rops, the new model TM tractors can acquire type approval without a rops because of its light weight, and it can also be used under and in between trees in orchards. Also, this lightweight tractor has been equipped with an engine that consumes less fuel compared with previous models with the aim of reducing environmental stresses.



TM3185

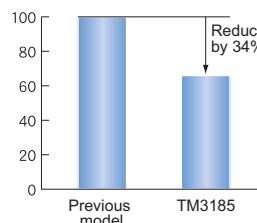
Reduction in the number of parts and weight

By focusing on reducing the number of parts and unifying parts for each functional structure and by changing to lighter materials, Iseki realized

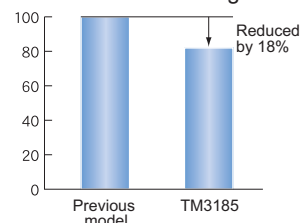
- Compared with the previous model
 - 34% reduction in the number of parts
 - 18% reduction in weight

and commercialized a “small but still a tractor” while maintaining the same level of performance and functions as the previous models.

<Reduction in the number of parts>



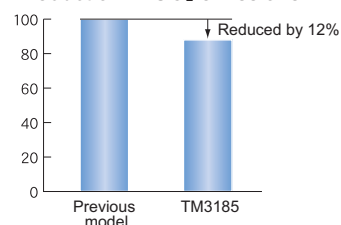
<Reduction in weight>



Reduction in CO₂ emissions through the use of LCA evaluations

Based on the results of the LCA calculations performed according to Iseki's criteria (total amount of CO₂ emissions from the manufacturing of raw materials to disposal of the product), CO₂ emissions have been reduced by 12% compared to the previous models.

<Reduction in CO₂ emissions>



Approach to design for environment

Environmental report

< Initiatives for the Japan Series 5 row/6 row combine harvester >

An environmentally-friendly 5 row/6 row combine harvester, along with the addition of a DPF (Diesel Particulate Filter) on the common rail type four-cylinder water-cooled engine, the HJ was developed with a consideration for reducing the number of parts, weight and environmental stresses, while maintaining the high precision, high efficiency, and high durability performance of the JAPAN brand that has been supported by principal farmers and large-scale farmers as the top of the made-in-Japan combine harvesters since its launch in 1995.

Improvement in farm work efficiency

The 5 row/6 row combine harvester HJ realizes high efficiency through its big-diameter and long threshing drum with 462mm maximum diameter as well as a super twin eight threshers with four chambers for threshing, diffusion, secondary threshing, and collecting free grains from the threshed waste straw. In addition, the wide air blow with three air ducts provided by the large-diameter winnower, as well as two-level sorting with the jump rack and optimum control of the winnower and sieves by detecting the amount of grains being threshed on the swinging shelf with a flow sensor lead to the realization of high-precision sorting. Based on the above features, work efficiency has been improved by 24% compared with our previous model.



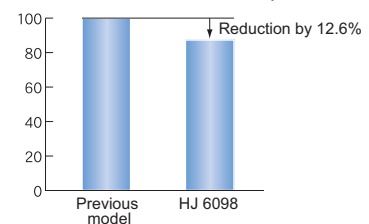
Combine harvester HJ 6098

Reduction in the weight of the machine and the number of parts

The weight of HJ 6098 is lighter by 4.5% and shorter in length by 210mm compared with the previous model, making it a more lightweight and compact model.

In addition, we removed the running counter gear case, changed the location of the air conditioner condenser, revised the structure of the grain tank, and worked to reduce other parts. These efforts resulted in the reduction in the number of parts by 12.6% compared with the previous model.

<Reduction in the number of parts>



< Initiatives for the NP Series riding rice transplanter >

To reduce emissions of carbon dioxide (CO₂), promotion/enlightenment activities of energy-saving agricultural machines are in progress. For example, the Ministry of Agriculture, Forestry and Fisheries has prepared “Energy saving manual for agricultural machines.”

The new NP Series riding rice transplanter has been developed as an environment-friendly product that contributes to the energy saving and reduction in environmental stresses by improving the work efficiency when sparse planting, as well as reducing the number of parts and improving the recyclability of parts. In addition, this series has passed our environment-friendly design standard and has thus been certified as an “eco-product.”

Improvement of work efficiency when sparse planting

By changing the track that sets the eccentricity based on the spacing between plants (37/42 plants/m²), the running speed when sparse planting has been increased, and as a result, the work efficiency when sparse planting has been improved by 7% compared to the previous model.



Rice transplanter NP60

Reduction in the number of parts

By unifying and simplifying parts such as planetary gear, vibration damper cam and rotary case, as well as by narrowing down the functions, we reduced the number of parts by 12% compared with our previous model.

Certified as an “eco-product”

Riding rice transplanter NP70 – 50 has been certified as an “eco-product” since it improves work efficiency by 7% when sparse planting compared with our previous model as a result of the track change when sparse planting.

Approach to design for environment

Environmental report

< Receipt of FOOD ACTION NIPPON AWARD in R&D/new technology section >

Since its foundation, Iseki has contributed to growth of agriculture in Japan through mechanization of agriculture. As the first company registered to the "FOOD ACTION NIPPON Promotion Headquarters," we develop activities to increase the food self-efficiency ratio with themes of "local consumption of locally-produced foods," "low-cost agriculture" and "food in the future." "FOOD ACTION NIPPON AWARD" was established as a part of the activities of "FOOD ACTION NIPPON" led by the Ministry of Agriculture, Forestry and Fisheries as an approach to increase the consumption of domestic agricultural products. It is intended to invite approaches of business operators, associations, etc. to contribute to increase of food self-efficiency widely from the public and give awards to excellent approaches.

Our "sparse rice transplanter" received the award for excellence in the R&D/new technology section in FY2010. In addition, our "development of the industry's first 7-row type combine harvester HJ7120 received the award for excellence in the same section in FY2011. In FY2012, we were awarded for the "development of the industry's first far-infrared heat recycling dryer," and in FY2013, the GEAS NTA tractor received the award for excellence for "being a tractor that can be driven like a car and increases the efficiency of farm work." This means that our three key products received the award and our technological capabilities were highly evaluated and, at the same time, our contribution to improve food self-sufficiency ratio by energy and labor saving was recognized.



Sparse rice transplanter



7-row combine harvester



Tractor GEAS

< NTA Tractor was awarded the "Special Development Award" by the Japanese Society of Agricultural Machinery and Food Engineers >

Iseki's GEAS NTA Tractor was awarded the "Special Development Award," which is awarded to the most excellent developments, at the 2014 "Development Award" sponsored by the Japanese Society of Agricultural Machinery and Food Engineers. Last year, the GEAS NTA Tractor also received the award for excellence at 2013 FOOD ACTION NIPPON AWARD held by the Ministry of Agriculture, Forestry and Fisheries. This award was the result of the high regard for improvement the new technologies, including the dual clutch transmission mounted that realizes high power transmission efficiency, have on productivity and as well as the contributions to safe and secure farm work by women and elderly people.

The receipt of these two awards is the evidence of the fact that GEAS NTA Tractor is highly regarded both academically and commercially. Next year marks our 90th anniversary, and receiving such prestigious awards in the industry is an encouragement for all employees in Iseki Group. We will continue to strive to develop "products that please our customers" and "products with an environment-friendly design."



NTA Tractor

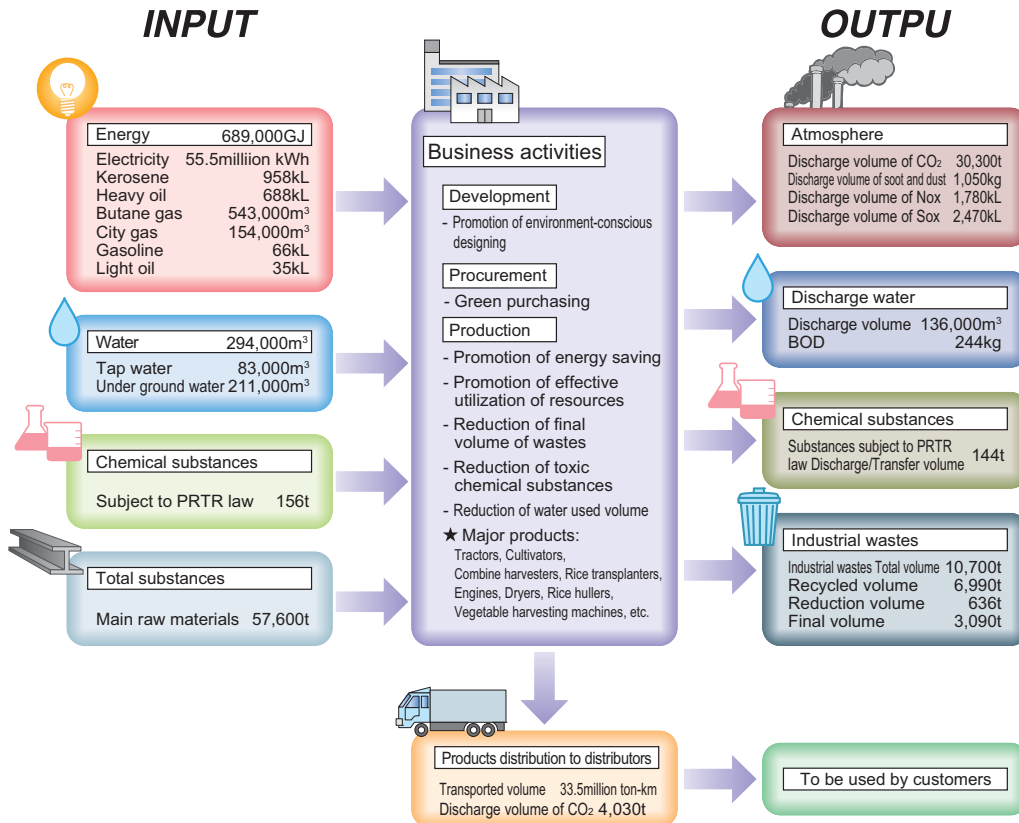


Business activities and environmental stresses

Environmental report

[Eco balance]

Iseki Group uses materials such as fuel, electricity, water and other raw materials in the process of production, and discharges chemical substances and industrial wastes subject to laws related to carbon dioxide (CO₂) and PRTR law. We always check the volume of materials used for production (INPUT) and discharged volume of chemical substances and industrial wastes (OUTPUT) as an index in reducing discharge of such chemical substances and industrial wastes for realizing business activities with less environmental stresses. The following shows figures of undertakings for 2013.



[ECO-efficiency]

It is important to improve eco-efficiency to realize a sustainable society. Eco-efficiency is presented as a value calculated by subtracting environmental stresses from the value of a product or service. On the other hand, we defined "eco-efficiency = production volume ÷ environmental stresses" and evaluated eco-efficiency with the eco-efficiency index and environmental stress integrated index. This means eco-efficiency increases as the production volume increases or environmental stresses decrease.

In FY2009 to 2013, the production volume of four factories has significantly decreased compared to the reference year FY2005. We have been continuously taking actions to reduce environmental stresses and achieved improved eco-efficiency of 112 and environmental stress integrated index of 87 in FY2013 compared to the index of 100 in the reference year FY2005.

[Eco-efficiency index: the higher the more efficient]

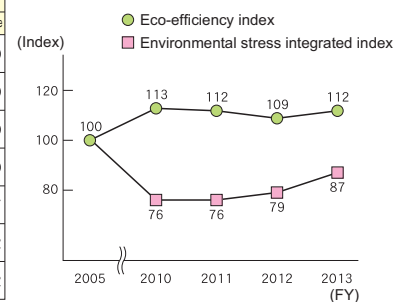
Our eco-efficiency is presented as a value calculated by subtracting the environmental stress integrated index of our four factories from the production volume of the four factories. The environmental stresses have three items integrated; volume of CO₂ emissions, volumes of non-methane VOC emissions and displacement and volume of landfilled wastes.

[Environmental stress integrated index: the lower the index is, the smaller environmental stresses are]

Based on the Panel Method of Professor Nagata at Waseda University, we adopted the average value of the integration coefficients for Japan presented by LCA experts, environmental experts and enterprise experts for integration of environmental stresses, with the value of CO₂ defined as 1.

Item	Integration coefficient	2005		2013	
		Actual value (t)	Integrated value	Actual value (t)	Integrated value
Volume of CO ₂ emissions	1	34,600	34,600	30,300	30,300
Volume of non-methane VOC emissions and displacement	239	174	41,500	142	34,000
Volume of landfilled wastes	3	2,750	8,260	3,090	9,280
Total of environmental stress integrated values	-	-	84,300	-	73,500
Eco-efficiency	-	-	83.3	-	93.7
Environmental stress integrated index (2005 as reference year)	-	-	100	-	87.2
Eco-efficiency index (2005 as reference year)	-	-	100	-	112

Environmental stress integration and eco-efficiency



Trend of eco-efficient index and environmental stress integrated index (100 in FY2005)

Reduction of environmental stresses

Environmental report

[Reduction of CO₂ emissions by reducing energy use in the factories]

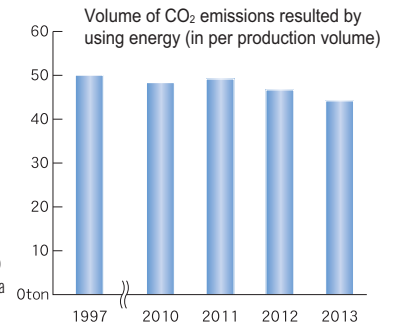
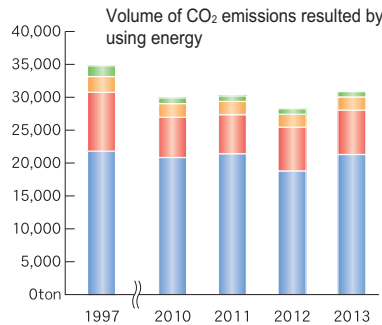
The four factories of Iseki Group promote reduction in consumption of electricity and fuel required for production activities in the factories, by realizing the efficient operation of all machines and facilities, and by replacing existing machine and equipment with energy-saving type ones.

We have established and promoted the second new mid-term and long-term plan (from FY2011 to FY2015) with the average of three years, from FY 2008 to FY2010, as a reference value. In FY2013, the achievement rates of the total volume of CO₂ emissions and the volume of CO₂ per production volume were 91% and 99% respectively against the reduction target of 6% compared with the reference year, slightly falling short of the goal.

We will continuously strive to reduce the volume of CO₂ emissions.

Volume of CO₂ emissions resulted by using energy at 4 factories

	1997	2008	2009	2010	Average of results of 3 years	—			
						2011	2012	2013	
Total volume (t-CO ₂)	34,500	29,800	28,600	29,300	29,200	Target	28,600	28,000	27,500
						Result	29,600	28,000	30,300
						Achievement rate	97%	100%	91%
Per production volume (t-CO ₂ /100 million yen)	50.0	43.3	47.2	48.4	46.3	Target	45.4	44.4	43.5
						Result	49.2	46.5	44.0
						Achievement rate	92%	96%	99%



[Reduction of CO₂ emissions by reducing energy use in product distribution]

We grasp the environmental stresses in distribution of Iseki products and parts and take actions to reduce them. We have established and promoted the second new mid-term and long-term plan (from FY2011 to FY2015) with the average of three years, from FY 2008 to FY2010, as a reference value.

In FY2013, the achievement rates of the total volume of CO₂ emissions was 116% per 10,000 ton-km against the reduction target of 3% compared with the reference year. We have promoted modal shift and are making efforts to reduce the total volume of CO₂ emissions. Although the modal shift rate has been flat since FY2009, when it was significantly increased, it was further increased to 52% in 2013.

Volume of CO₂ emissions resulted by using energy in product distribution

	2008	2009	2010	Average of results of 3 years	—			
					2011	2012	2013	
1,000ton-km	2,990	2,920	2,980	—	—	2,790	2,800	3,350
Total volume (t-CO ₂)	4,740	3,920	4,180	—	—	3,780	3,870	4,030
Rate (t-CO ₂ /10,000ton-km)	1.59	1.34	1.40	1.45	Target	1.43	1.42	1.40
					Result	1.35	1.38	1.21
					Achievement rate	106%	102%	116%
Modal shift rate	31%	46%	43%	—	—	44%	46%	52%

(Note) Modal shift rate = (railway ton-km + sea freight ton-km) ÷ total ton-km

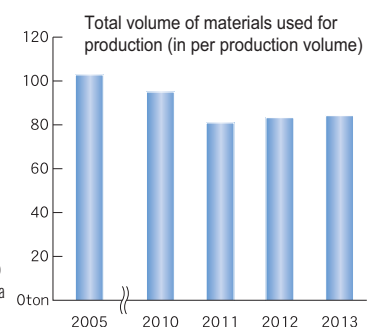
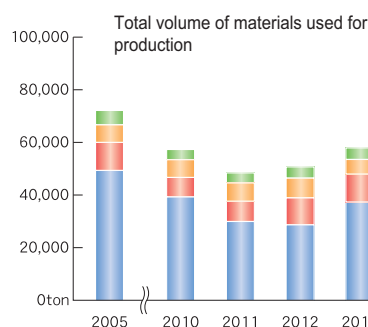
[Reducing total material input]

The four factories of Iseki Group reduce total material input such as raw materials, production supporting materials, purchasing parts, etc. to promote energy saving activities. We have established and promoted the second new mid-term and long-term plan (from FY2011 to FY2015) with the average of three years, from FY 2008 to FY2010, as a reference value.

In FY2013, the achievement rates of the total volume of materials used for production and the volume of materials used per production volume were 101% and 110% respectively against the reduction target of 3% compared with the reference year, exceeding the goal. We will continuously strive to reduce the total volume of materials used for production.

Total volume of materials used at 4 factories

	2005	2008	2009	2010	Average of results of 3 years	—			
						2011	2012	2013	
Total volume (ton)	72,100	66,000	56,900	57,600	60,200	Target	59,600	59,000	58,400
						Result	48,300	50,000	57,600
						Achievement rate	123%	118%	101%
Per production volume (ton/100 million yen)	103	96.1	93.9	95.2	95.1	Target	94.1	93.2	92.2
						Result	80.2	83.2	83.7
						Achievement rate	117%	112%	110%



Reduction of environmental stresses

Environmental report

[Reduction of volume of water used]

By installation of the water circulation facility and implementation of countermeasures for water leakage, the four factories of Iseki Group strive to reduce the volume of water used.

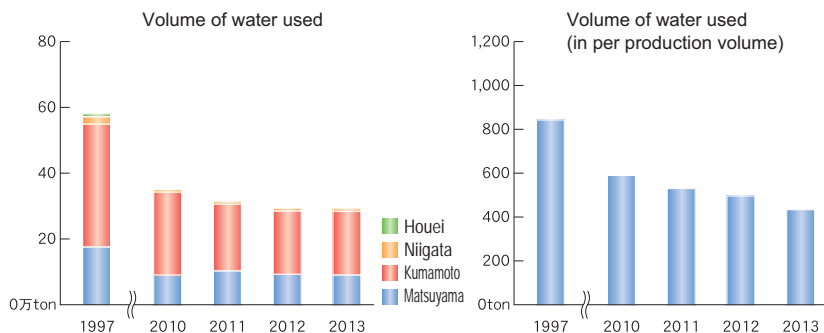
We have established and promoted the second new mid-term and long-term plan (from FY2011 to FY2015) with the average of three years, from FY 2008 to FY2010, as a reference value.

In FY2013, the achievement rates of the total volume of water used and the volume of water used per production volume were 85% and 92% respectively against the reduction target of 33% compared with the reference year, falling short of the goal.

Water shortage is becoming a more serious issue than food shortage or exhaustion of fossil fuels with the population growth expected in the future. We will continuously strive to reduce water usage.

Volume of water used at 4 factories

	1997	2008	2009	2010	Average of results of 3 years	—			
						2011	2012	2013	
Total volume (ton)	58.2	42.4	34.2	35.5	37.4	Target	32.2	26.9	25.1
						Result	31.8	29.7	29.4
						Achievement rate	101%	91%	85%
Per production volume (ton/100 million yen)	844	617	565	588	590	Target	507	425	395
						Result	529	493	427
						Achievement rate	96%	86%	92%



[Reduction of volume of chemical substances used]

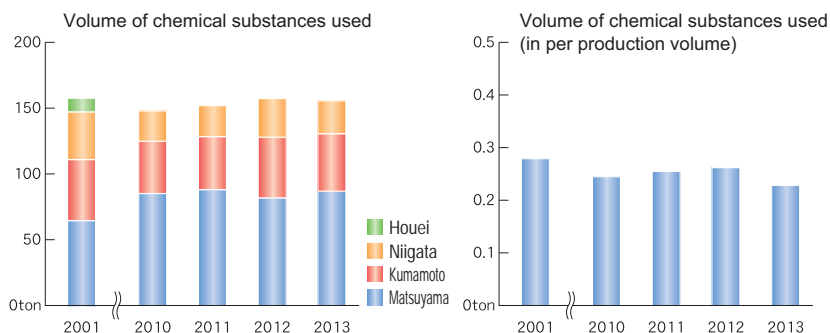
The four factories of Iseki Group strive to reduce chemical substances subjected to PRTR law by replacing paint and thinner with ones which contain less toxic chemical substances stipulated and introducing regeneration facilities of paint thinner.

We have established and promoted the second new mid-term and long-term plan (from FY2011 to FY2015) with the average of three years, from FY 2008 to FY2010, as a reference value. In FY2013, the achievement rates of the total volume of use and the used volume per production volume were 86% and 102% respectively against the reduction target of 12% compared with the reference year, and the targets for the year were achieved.

We will continuously strive to perform appropriate control and management of such chemical substances and reduce the volume of use.

Volume of use of chemical substances controlled by PRTR law at 4 factories

	2001	2008	2009	2010	Average of results of 3 years	—			
						2011	2012	2013	
Total volume (ton)	157	165	145	149	153	Target	147	141	135
						Result	153	157	156
						Achievement rate	96%	89%	86%
Per production volume (ton/100 million yen)	0.277	0.240	0.240	0.245	0.242	Target	0.232	0.222	0.213
						Result	0.254	0.262	0.226
						Achievement rate	91%	85%	94%



[Volume of use of substances controlled by PRTR law]

(unit : ton)

	FY2001					FY2012					FY2013				
	Matsuyama	Kumamoto	Niigata	Houei	Total	Matsuyama	Kumamoto	Niigata	Houei	Total	Matsuyama	Kumamoto	Niigata	Houei	Total
Xylene	20.1	26.7	13.9	6.50	67.2	31.9	27.8	12.9	0.17	72.8	34.7	22.2	10.9	0.08	67.8
Toluene	13.4	4.71	8.54	1.00	27.7	18.2	2.72	5.12	0.17	26.2	18.4	2.70	5.20	0.18	26.5
Ethyl benzene	16.8	14.7	9.09	0.00	40.6	30.4	13.0	10.4	0.07	53.8	32.9	16.5	8.55	0.02	58.0
Water-soluble zinc compound	0.00	1.21	0.00	3.20	4.41	0.38	2.41	0.28	0.00	3.07	0.36	2.26	0.21	0.00	2.83
Dichloromethane	13.0	0.00	2.42	0.00	15.4	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00
1,3,5-Trimethylbenzen	0.75	0.00	1.41	0.00	2.16	1.10	0.21	0.30	0.00	1.61	0.63	0.00	0.19	0.00	0.82
Total	64.1	47.3	35.4	10.7	157	82.0	46.1	28.9	0.41	157	87.0	43.6	25.0	0.28	156

Reduction of environmental stresses

Environmental report

[Reduction of volume of final wastes]

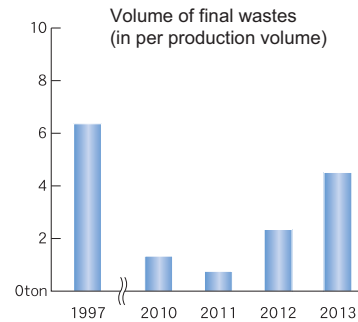
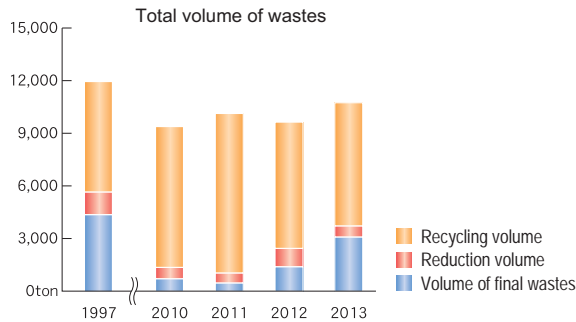
To build a recycling-oriented society, four factories of Iseki Group have been contributing to an effective usage of their resources by promoting reduction, reuse and recycling of the waste generated at the factories.

We have established and promoted the second new mid-term and long-term plan (from FY2011 to FY2015) with the average of three years, from FY 2008 to FY2010, as a reference value.

In FY2013, the achievement rates of the total volume of final wastes and the volume of final wastes per production volume were 22% and 24% respectively against the reduction target of 15% compared with the reference year, significantly fall short of the goal. This is because we conducted landfill operation of molding sand. We will promote the recycling of molding sand and strive for reduction of the total volume of final wastes.

Total volume of wastes at 4 factories

		1997	2008	2009	2010	Average of results of 3 years	—	2011	2012	2013
Wastes	Total volume (t)	11,900	10,400	8,990	9,390	—	—	10,100	9,670	10,700
	Per production volume (t/100 million yen)	17.3	15.1	14.8	15.5	—	—	16.8	16.1	15.6
Volume of final wastes	Total volume (t)	4,390	754	859	774	796	Target	756	716	676
		Result	430	1,380	3,090	Achievement rate	176%	52%	22%	
		Per production volume (t/100 million yen)	6.36	1.10	1.42	1.28	1.26	Target	1.20	1.14
	Result	0.72	2.30	4.49	Achievement rate	168%	49%	24%		
	Reduction volume (t)	1,260	571	483	553	—	—	572	1,044	636
Recycled volume of wastes (t)	6,270	9,050	7,650	8,060	—	—	9,100	7,240	6,990	
Rate of final wastes (%)	37	7.3	9.6	8.2	—	—	4.3	14	29	
Rate of recycling (%)	53	87	85	86	—	—	90	75	65	

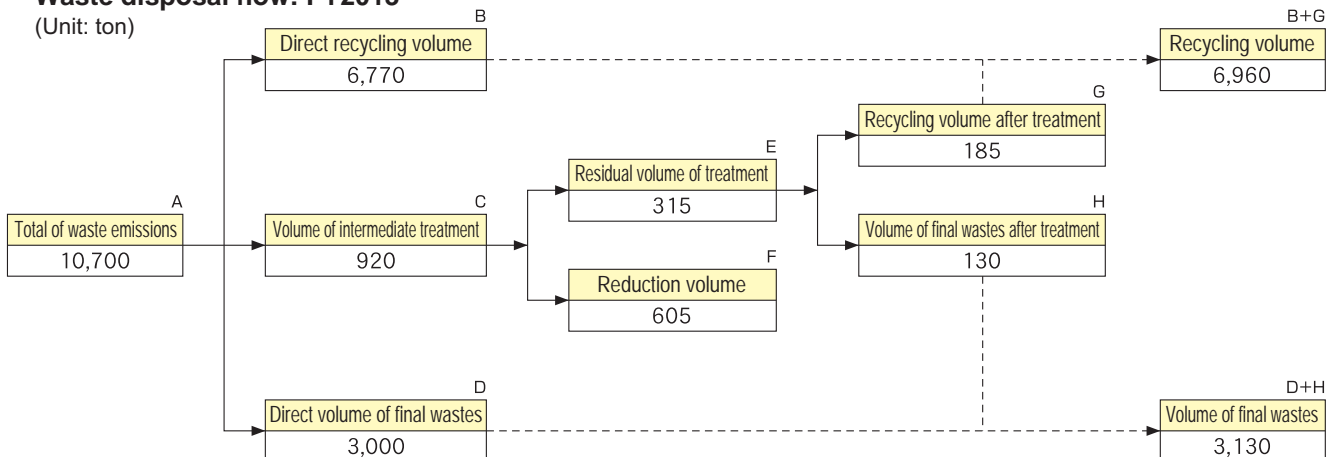


Waste disposal flow

The waste disposal flow in FY2013 is as shown below.

Waste disposal flow: FY2013

(Unit: ton)



Note 1) The reduction volume, the recycling volume after treatment and the volume of final wastes after treatment associated with the intermediate treatment are the results of investigation to the subcontractor of waste disposal.

Note 2) Rate of the volume of final wastes = volume of final wastes (D+H) ÷ total of waste emissions (A)

Note 3) Rate of the recycling volume = recycling volume (B+G) ÷ total of waste emissions (A)

Examples of initiatives to reduce environmental burden

Environmental report

At the four factories and Tobe office of Iseki Group, with the aim of the effective operation of existing facilities and establishment of facilities that take into consideration environmental preservation, we are proactively making large-scale capital investments. By updating the facilities, we are striving to improve the operating rate of facilities, reduce costs, and stabilize quality while at the same time reducing environmental burden by reducing CO₂ emissions through the use of less electricity, etc.

< Initiative for reducing environmental burden by updating the casting equipment >

At Iseki-Matsuyama MFG. Co. Ltd., when updating the casting equipment, we changed the poured iron mold manufacturing method from the method where pressure is applied from above to the method where pressure is applied from above and below (double squeeze casting) with the aim of reducing mold manufacturing defects. In addition, by automating molten iron pouring (automatic pouring), the amount of excess iron was reduced and thus the energy required to melt the iron was reduced.

These updates to the casting equipment enabled us to reduce the use of 2 tons of excess iron per day, and as a result, we were able to reduce the amount of power, water, slag and green sand used in addition to improving casting quality.

★ Period when the molding equipment was installed: July 2012

★ Period when the pouring equipment was installed: September 2013

<Double squeeze casting>

Double squeeze casting reduces mold manufacturing defects because the casting mold is applied even pressure from above and below.

<Automatic pouring>

By measuring the weight of iron to be poured using a weight sensor rather than the operator's judgment, the amount of excess iron can be reduced.

[Annual reduction]

- Reduction in the amount of electricity used: approximately 1,740,000 kWh
- Reduction in the electric utility rate: approximately 18,100,000 yen
- Reduction in CO₂ emissions: approximately 683t-CO₂
- Reduction in the amount of water used: approximately 1,770t
- Reduction in the use of slag and green sand: approximately 7t



Casting equipment



Injection equipment

< Initiative for reducing environmental burden by updating the wastewater treatment facilities >

At Iseki-Matsuyama MFG. Co. Ltd., industrial water and drinking water is discharged to the sewage system following wastewater treatment. When updating the facilities, in order to prevent leaks of sewage water by accident, we installed a dike in the wastewater treatment facility, to bring the facility up to the standard required in the amended Water Quality Pollution Control Act. In addition, by altering the wastewater treatment method from the traditional standard-activated sludge process to immersion filter process, we aimed to reduce the environmental burden as follows.

(1) Reduce the amount of electricity used by improving wastewater treatment capacity (approximately double that of the of standard-activated sludge process)

(2) Reduce the use of chemical substances regulated under the PRTR law by changing the flocculating agent from ferric chloride to PAC (polyaluminum chloride)

(3) Improve maintenance by making the facility compact

★ Period when the wastewater treatment facility was established: May 2014

< Standard-activated sludge process >

The method of purifying water by mixing air with sewage and wastewater to stimulate micro biotic activity and decompose the organic matter.

<Immersion filter process>

The method of purifying water by adding carriers to which microbes adhere during the standard-activated sludge process. As the process does not require a lot of air, and the equipment is compact.

[Annual reduction]

- Reduction in the amount of electricity used: approximately 110,000 kWh
- Reduction in the electric utility rate: approximately 1,140,000 yen
- Reduction in CO₂ emissions: approximately 43t-CO₂



Wastewater treatment facility

Examples of initiatives to reduce environmental burden

Environmental report

< Initiative for reducing environmental burden by minimizing the risk of environmental contamination through the updating of wastewater treatment facility >

At Iseki-Kumamoto MFG. Co. Ltd., wastewater (mainly waste coating liquid) is discharged to a river after wastewater treatment. When updating the wastewater treatment facility, we aimed to meet the standard required in the amended Water Quality Pollution Control Act, including raising the water pipes used to transport wastewater from coating equipment to the wastewater treatment facility above ground. In addition, by updating the wastewater treatment facility, we aimed to reduce the environmental burden as follows.

- (1) Minimize the risk of river/soil/groundwater pollution due to accidental wastewater leak
- (2) Reduce the amount of industrial waste by installing a fully automatic filter press machine for the industrial waste generated during the treatment process, and reduce the cost for industrial waste treatment.
- (3) Save energy and reduce management costs by integrating chemical wastewater treatment facility for the electrodeposition coating
- (4) Save energy by controlling the number of rotations based on the load using an inverter motor for the air pressure feeder used to stimulate microbes by mixing gaseous oxygen in the water-purifier tank.

★ Period when the wastewater treatment facility was established: June 2014

[Annual reduction]

- Reduction in the amount of electricity used: approximately 27,000kWh
- Reduction in the electric utility rate: approximately 243,000 yen
- Reduction in CO₂ emissions: approximately 16,200kg-CO₂
- Reduction in the amount of industrial waste by removing water: approximately 13.5t
- Reduction in the cost for industrial waste treatment: approximately 305,000 yen



Wastewater treatment facility

< Initiative for reducing the amount of electricity used and CO₂ emissions through solar power generation >

At the Tobe office, we aimed to reduce the amount of electricity used and CO₂ emissions by switching over a portion of the electricity used to solar power through the installation of solar power equipment on the roof of a laboratory building.

In addition, a 42-inch display was installed in the lobby of design management building to make the amount of electricity generated by solar power visible, and it is our hope if all employees check the display in real-time, it will contribute to the enhancement of employee awareness of energy saving and environmental preservation.

★ Period when the solar power equipment was installed: February 2014



Solar panels

[Annual reduction]

- Reduction in the amount of electricity used: approximately 22,000kWh
- Reduction in the electric utility rate: approximately 272,000 yen
- Reduction in CO₂ emissions: approximately 8,200kg-CO₂



42-inch display

Approach to preserve biodiversity

Environmental report

[Iseki Group's biodiversity guidelines]

<Basic concept of the approach>

Iseki Group regards the approach to preserve biodiversity as an important challenge in environmental management, while recognizing that we benefit from blessings of nature produced by biodiversity (ecological system service) and contribute to the realization of a sustainable society co-existing with nature in cooperation with various stakeholders, including the local communities, by promoting business activities and providing products and services that take into consideration biodiversity and continuing to use and preserve the biodiversity.

<Specific initiatives>

1. Give consideration to the effect on biodiversity in all stages of business activities, and strive to preserve biodiversity by reducing the harmful environmental burdens generated by all offices.
2. Endeavor to preserve biodiversity by providing safe and easy-to-use agricultural machines and facilities that take into consideration the preservation of biodiversity and support initiatives to establish sustainable agriculture in Japan and protect the natural environment, including farmland and rivers.
3. Endeavor to promote technological development based on natural law and traditions, and strive to develop and spread technologies that contribute to the biodiversity preservation.
4. In order to make the initiatives for biodiversity preservation more effective, endeavor to communicate with various concerned parties, including stakeholders and local communities, and share an awareness of biodiversity.
5. Educate employees about the natural environment, and endeavor to raise awareness in society as a whole that will lead to biodiversity preservation.

< Tree planting initiative >

Iseki-Houei MFG. Co. Ltd. agreed with and participated in the activities of "Ehime CO₂ reduction eco-activities coordination project of the Ehime Corporation Association." The office participated along with many other similar mined companies in the tree-planting event conducted as part of the project.

- Date: March 23rd, 2014
- Location: Befu No.1 and No.2 public playgrounds in Matsuyama-city, Ehime prefecture (North side of the playground)

The Ehime Corporation Association is a special member of the "Promotion Group of 'Town Development with Forests'" (launched in August 2010) led by the Iyo Bank in Ehime prefecture. The "Promotion Group of 'Town Development with Forests'" carries out tree-planting activities in company-owned land and public land in the town to "grow real forests near ourselves to leave an environment for health growth of children to the next generation," in cooperation with the companies that are working on preservation of local natural environment.



Environmental performance of four factories

Environmental report

Iseki-Matsuyama MFG. Co., Ltd.

< Company profile >

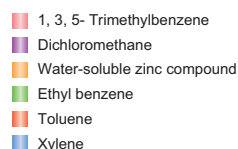
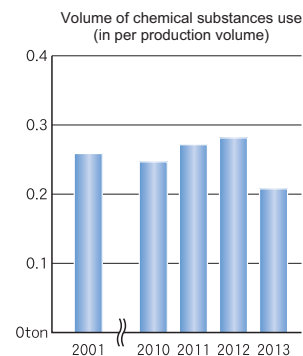
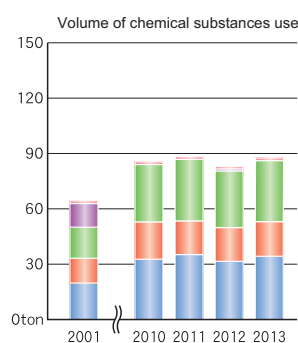
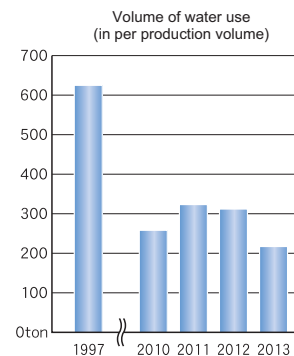
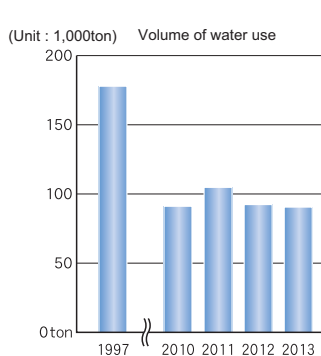
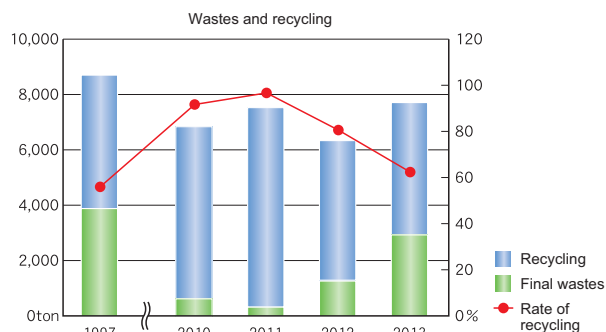
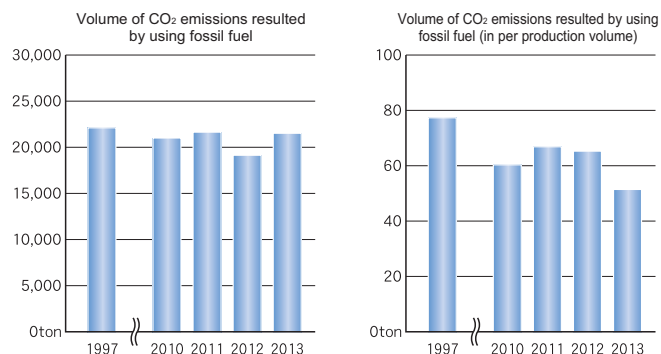


Address	700 Umaki-cho, Matsuyama-shi, Ehime prefecture
Number of employees	590 (As of March 31, 2014)
Area	151,000m ²
Major products	Tractors, riding tillers, Lawnmowers, Dryers, Engines

< Action policy >

- Continuous improvement**
Continuously improve the environmental management system and environmental performance by observing the environmental management system based on ISO14001.
- Observation of laws and regulations concerning environment**
Observe environment-related legislation, local government regulations, and agreements concluded by the company.
- Mitigation of negative impacts on environment and prevention of contamination**
 - 1) Minimize volume of CO₂ generated as a result of production and electric energy use
 - 2) Reduce wastes and segregate them for collection and recycling
 - 3) Reduce and control chemical substance optimally
 - 4) Product design to consider the environment
These purposes and targets shall be set up within a technically and economically possible range, reviewed on a regular basis in order to deploy them into business activities, and aim to improve the company profit on top of the reduction of environmental stresses and the prevention of pollution.
- Contribution to community**
 - 1) Save electricity and use electricity efficiently as a corporate citizen in order to contribute to the severe water issues that our community has.
 - 2) Proactive participation in the environmental preservation activities of community.
- Familiarization of information to all employees**
Familiarize all the information of environmental policy to all employees in the company and deal with the environment issues together through a publicity using company news and environmental education.
- Disclosure of environmental policies**
Disclose the environmental policies upon request of outsiders.

< Environmental data >



Environmental performance of four factories

Environmental report

Iseki-Kumamoto MFG. Co., Ltd.

< Company profile >

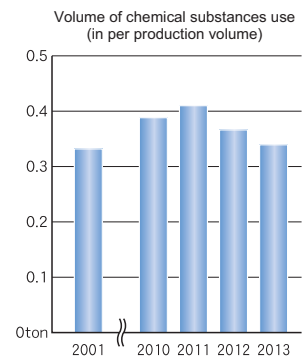
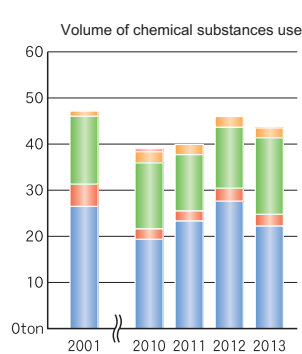
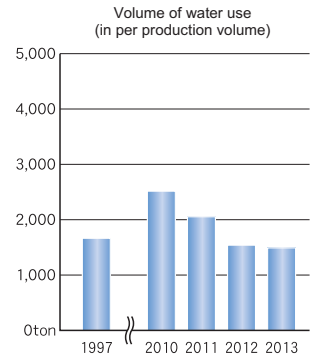
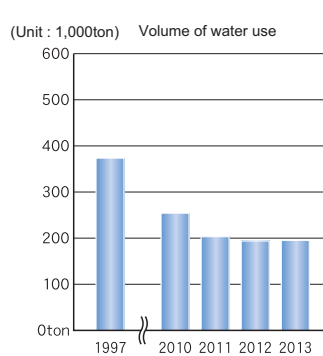
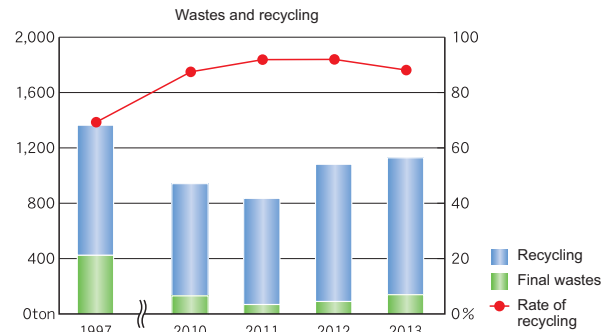
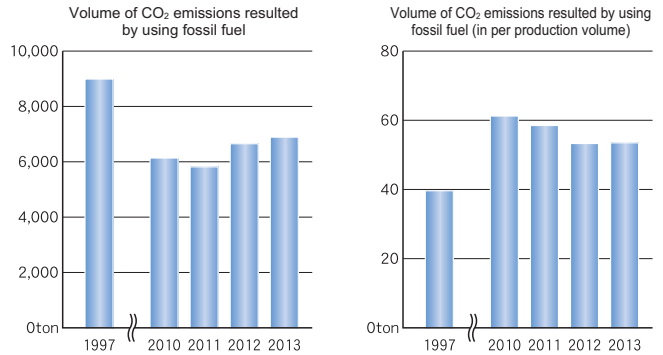


Address	1400 Yasunaga, Mashiki-cho, Kamimashiki-gun, Kumamoto prefecture
Number of employees	279 (As of March 31, 2014)
Area	217,000m ²
Major products	Head-feeding combine harvester, Multi-crop combine harvesters, Carrot harvesters

< Action policy >

- Continuous improvement**
Continuously improve the environmental management system and environmental performance by observing the environmental management system based on ISO14001.
- Observation of laws and regulations concerning environment**
Observe environment-related legislation, local government regulations, and agreements concluded by the company.
- Mitigation of negative impacts on environment and prevention of contamination**
 - Promote energy-saving and resource-saving
 - Promote reduction of industrial wastes
 - Accelerate recycling approach
Set up targets to the extent technically and economically possible to carry out. Execute and review the targets on a regular basis so as to mitigate negative impacts and prevent contamination.
- Contribution to community**
Open company welfare facilities up to public and contribute to the environmental preservation through cleanup activities.
- Familiarization of information to all employees**
Familiarize all the information of environmental policy to all employees and constituent members in the company and deal with the environment issues together through a publicity using company news and environmental education.
- Disclosure of environmental policies**
Disclose the environmental policies upon request of outsiders.

< Environmental data >



- 1, 3, 5- Trimethylbenzene
- Dichloromethane
- Water-soluble zinc compound
- Ethyl benzene
- Toluene
- Xylene

Environmental performance of four factories

Environmental report

Iseki-Niigata MFG. Co., Ltd.

< Company profile >



Address	3-12-23 Nishiohsaki, Sanjo-shi, Niigata prefecture
Number of employees	239 (As of March 31, 2014)
Area	29,000m ²
Major products	Rice transplanters, Rice hullers, Vegetable transplanters, Binders

< Action policy >

1. Continuous improvement

Continuously improve the environmental management system and environmental performance by observing the environmental management system based on ISO14001.

2. Continuous improvement and prevention of contamination

Set up the environmental target and practice to achieve the target while reviewing the target on a regular basis in order to improve the environmental performance continuously.

- 1) Improve energy use
- 2) Improve use of natural resources
- 3) Reduce waste and recycle
- 4) Control chemical substances properly

3. Familiarization of information to all employees and contribution to community

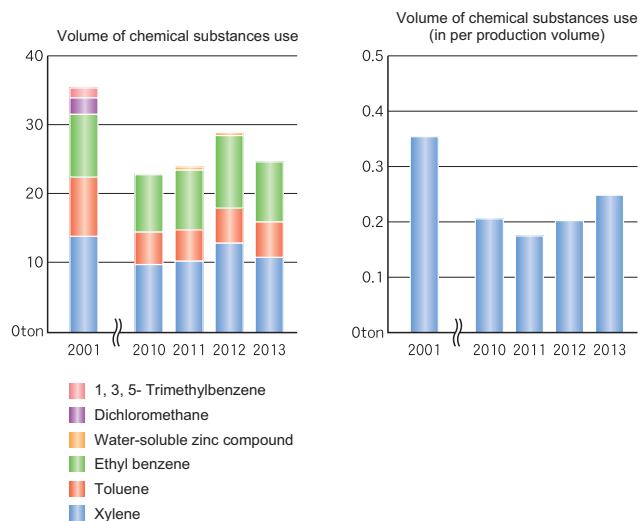
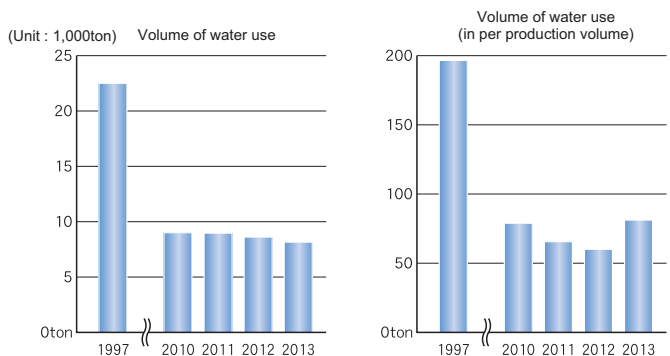
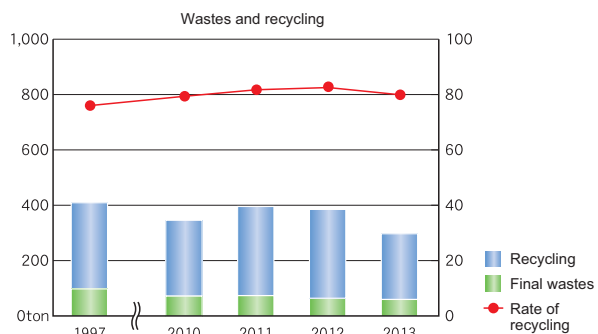
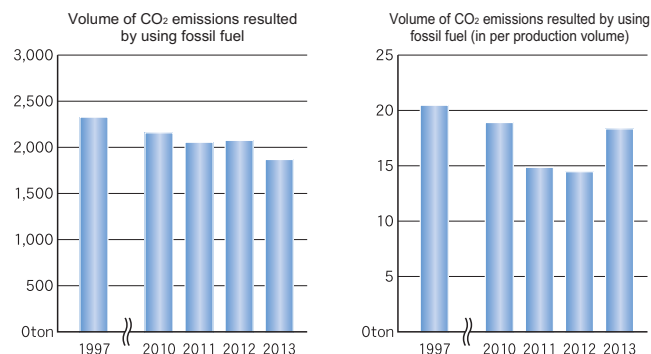
Distribute publicity to every employee through corporate environmental activities and education, as well as having close communication with people in the community, in order to promote environment preservation activities.

We will disclose our environmental policies to the public upon request so that the people in the community will know our policies.

4. Disclosure of environmental policies

Disclose the environmental policies upon request of outsiders.

< Environmental data >



- 1, 3, 5- Trimethylbenzene
- Dichloromethane
- Water-soluble zinc compound
- Ethyl benzene
- Toluene
- Xylene

Environmental performance of four factories

Environmental report

Iseki-Houei MFG. Co., Ltd.

< Company profile >

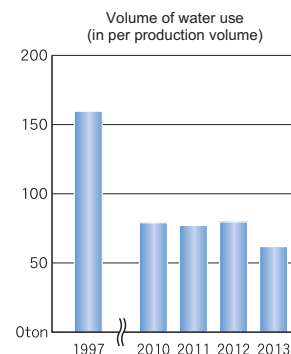
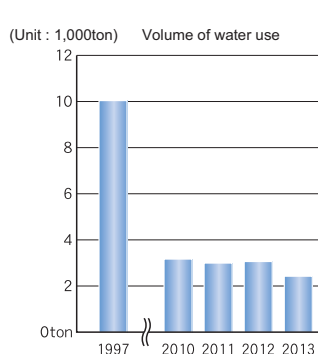
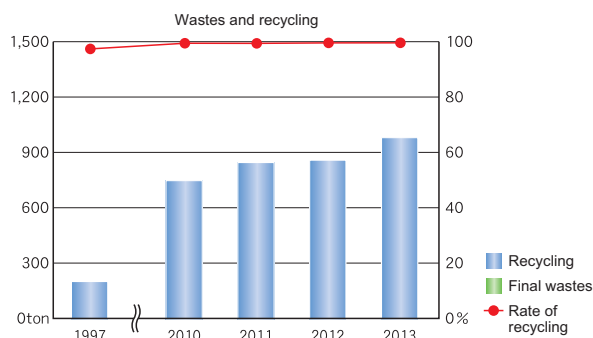
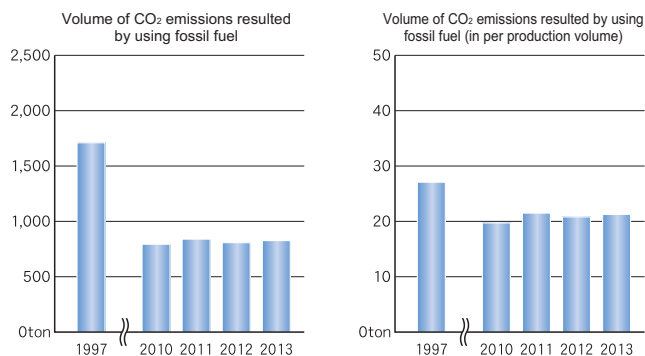


Address	878-1 Umaki-cho, Matsuyama-shi, Ehime prefecture
Number of employees	232 (As of March 31, 2014)
Area	8,959m ²
Major products	Cultivators, Tillers, Walk behind mower, System rice cooker

< Action policy >

- Continuous improvement**
Continuously improve the environmental management system and environmental performance by observing the environmental management system based on ISO14001.
- Observation of laws and regulations concerning environment**
Observe environment-related legislation, local government regulations, and agreements concluded by the company.
- Mitigation of negative impacts on environment and prevention of contamination**
 - Reduce volume of electric energy use
 - Reduce volume of water use
 - Segregate wastes for collection and recycle
- Contribution to community**
 - Save electricity and use electricity efficiently as a corporate citizen in order to contribute to the severe water issues that our community has.
 - Participate in the environmental preservation activities in our community proactively
- Familiarization of information to all employees**
Familiarize all the information of environmental policy to all employees and constituent members in the company and deal with the environment issues together through a publicity using company news and environmental education.
- Disclosure of environmental policies**
Disclose the environmental policies upon request of outsiders.

< Environmental data >



Achieving Harmony between Human Beings and the Earth



Contact about this report

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