

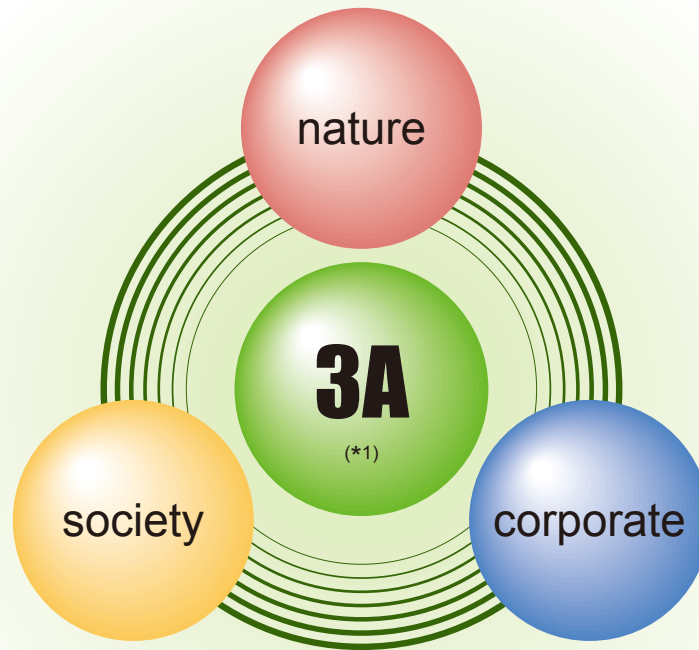
Eco vision

Environmental management

Iseki Group has determined the direction which can be the base of our “Eco vision: Green Cycle”, and the words, “Environmental concept”, “Basic environmental policy”, and “Environmental conduct guidelines”, best explain our principles.

[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 system (packaging materials, efficient transportation), energy-saving and disposition of industrial wastes
5. Environmental education and information disclosure
Environmental education to be offered to employees, participation in social activities and information disclosure

Outline of management

Environmental management

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

<Promotional scheme>

Entire companies within Iseki Group promote the development of recycling-oriented and low carbon emission society by using the environment management system as a tool, through involvement with R & D dept., Production dept., Logistics dept., and sales subsidiaries.

<Environmental planning group meeting>

The Environment Planning Group Meeting plots out tangible plans to be deployed in each district, provides strategies and advice to the Environment Committee, assists each district to deploy environmental targets and action plans, and manages the progress of such plans. At the same time, the Environmental Management Office and the Product Assessment Committee, which supports the designing of environment-friendly products, are established to assist activities to be efficient and successful.

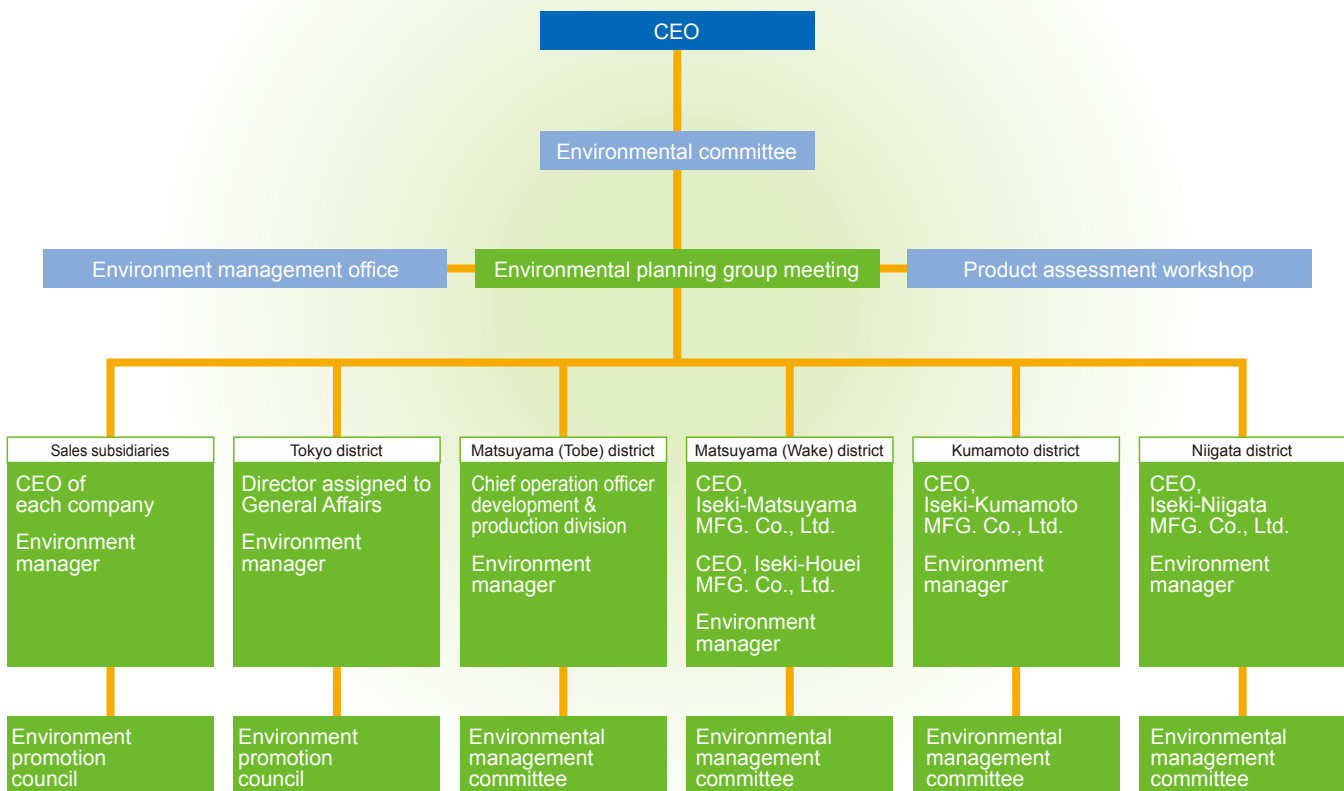
<Environment committee>

The Environment Committee, whose members include the president as chairman and all directors, 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 environmental issues submitted by the Environment Planning Group Meeting.

<Environment management system employed in each district>

An Executive Officer responsible for the environmental management activities and the Environmental Management Officer are assigned to Tokyo, Matsuyama (Tobe), Matsuyama (Wake), Kumamoto, Niigata and sales subsidiaries in each district. These executive officers shall be responsible for the determination of policies and the deployment of action plans in each district.

[Environmental Management Organization]

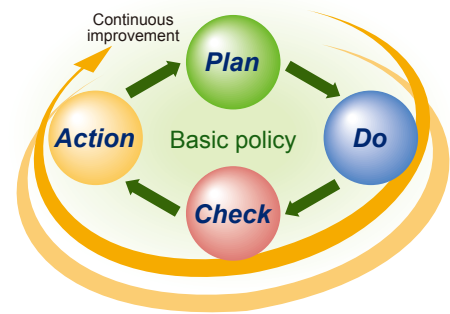


Environmental management system

Environmental management

[Development of a management system for development of recycle-oriented society]

Iseki Group has already implemented the Environmental Management System in accordance with the global standard, ISO14001, and the environment preservation activity assessment program, EA-21, under supervision of the Ministry of the Environment and continues environment preservation activities for development of recycling-oriented society. The certified companies in each district take responsibility for deploying activities which are most suitable for both the regional characteristics of community and the business activities of Iseki. We apply the process of “Plan, Do, Check and Action”, which is the basis of the environment preservation activities in accordance with ISO14001 and EA-21, in an efficient manner so as to spiral up the development of recycling-oriented society.



〈Certified environment control system of Iseki group〉

As Iseki Group companies were certified the global standard ISO14001 and EA-21 listed below, we support local communities in developing recycling-oriented societies by playing active roles in environmental preservation activities.

Certification	Business entity	Major business	Registration number	Date of certification
ISO 14001	Iseki-Matsuyama MFG. Co., Ltd.	Manufacturing tractors, small combined harvesters, engines, and dryers	JQA-EM0341	February 26, 1999
	Iseki-Kumamoto MFG. Co., Ltd.	Manufacturing large combined harvesters and multi-purpose combined harvesters	JQA-EM1382	March 9, 2001
	Iseki-Niigata MFG. Co., Ltd.	Manufacturing rice transplanters and rice hullers	JQA-EM3313	August 1, 2003
	Iseki-Houei MFG. Co., Ltd.	Manufacturing cultivators, tillers, lawnmowers, riding mowers	JQA-EM0341	October 1, 2003
	Iseki & Co., Ltd. HQ	Sales of agricultural machinery	JQA-EM5761	March 23, 2007
EA-21	Iseki-Ueki MFG. Co., Ltd.	Manufacturing of precision parts machining, stamping and welding	IGES-0000645	March 8, 2006
	Iseki Hokkaido Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000708	March 30, 2006
	Iseki Tohoku Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000636	March 6, 2006
	Iseki Kanto Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	Applied (May, 2008)	-
	Gunma Iseki Sales Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000699	March 30, 2006
	Iseki-Shinetsu Co., Ltd. Nagano Office	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000820	June 21, 2006
	Iseki-Shinetsu Co., Ltd. Niigata Office	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000768	May 22, 2006
	Iseki-Hokuriku Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000780	May 25, 2006
	Iseki-Tokai Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000776	May 25, 2006
	Mie Iseki Sales Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000771	May 25, 2006
	Iseki-Kansai Co., Ltd. Shiga & Kyoto Office	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000763	May 22, 2006
	Iseki-Kansai Co., Ltd. Hyogo Office	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000614	February 17, 2006
	Nara Iseki Sales Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000673	March 28, 2006
	Iseki Chugoku Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000898	August 2, 2006
	Iseki Shikoku Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000670	March 28, 2006
	Iseki Kyushu Co., Ltd.	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000739	May 17, 2006
	Agrip Co., Ltd. Kanto Office	Sales and servicing of agricultural machinery and sales of agricultural materials	IGES-0000774	May 25, 2006
	SUM Electro Mechanics Co., LTD.	Manufacturing, sales and maintenance of hydraulic testers	IGES-0001296	January 29, 2007

〈Environmental auditing〉

FY2007	Iseki-Matsuyama & Iseki-Houei MFG. Co., Ltd.			Iseki-Kumamoto MFG. Co., Ltd.			Iseki-Niigata MFG. Co., Ltd.			Iseki Co., Ltd. HQ offices		
	Total number of departments audited	Nonconformance	Improvement opportunities	Total number of departments audited	Nonconformance	Improvement opportunities	Total number of departments audited	Nonconformance	Improvement opportunities	Total number of departments audited	Nonconformance	Improvement opportunities
Internal environmental auditing	60	0	7	26	0	10	15	0	1	15	0	11
External regular auditing	25	1	13	13	1	10	15	1	12	15	0	2

Iseki carries out internal environmental auditing and regular auditing by external institutions in order to assess if the Environment Management System functions properly and effectively, as well as to ascertain whether approaches to preserve the environment are appropriate.

In FY2007, we have had several improvement opportunities and recurrence preventive measures have been taken in accordance with “Corrective Action Plan for Improvement Advices.” At the same time, Iseki utilizes every opportunities to conduct improvements.

Mid-term and long-term environmental targets and results of the FY2007

Environmental management

Iseki group aims to define the mid-term and long-term environmental targets and achieve our environment target and object by 2010.

Hereby, we report on the results of our major activities in FY2007.

Item	Mid-term and long-term environment targets		Accomplishments in FY2007	Evaluation	Relevant pages
Eco Factory	Prevention of global warming	Reduced the volume of energy-generated CO ₂ emission for the total production volume by 15% comparing to the volume in FY1997	<ul style="list-style-type: none"> The volume of CO₂ emission for the total production volume was reduced by 5% of the datum year. Even though the production volume decreased from the last year, the total emission reduction measures were not effective as we had expected, and the actual total volume of emissions remained unchanged. 	○	11
	Reduction of water used	Reduced the volume of water used for the total production volume by 30% or more compared to the volume in FY1997	<ul style="list-style-type: none"> The volume of water used for the total production volume increased by 8% of the datum year because outsourced parts were being manufactured in-house. As a result of renovation of the water supply piping, a reduction of 1% from last year was achieved. From now, the effect of the utility equipment improvement plan will be successfully realized and the target will be achieved. 	△	12
	Reduction of wastes	Reduced the final volume of wastes for the total production volume by 70% or more compared to the volume in FY1997	<ul style="list-style-type: none"> The final volume of wastes for the total production volume was 75% lower than the datum year and 8% lower than the last year as a result of promotion of reuse and recycling, as well as segregation of wastes. 	○	12
	Chemical substance control	Reduced the volume of controlled substances for the total production volume by 20% or more compared to the use in FY2001	<ul style="list-style-type: none"> The controlled chemical substances for the total production volume was 4% lower than the datum year and 10% lower than the last year as several equipment, including a solvent reproduction system, was installed. We will also try to further reduce the emission of VOC in the next year. VOC: Volatile Organic Compounds (causative substance of photochemical smog and allergy) 	○	13

Item	Mid-term and long-term environment targets		Accomplishments in FY2007	Evaluation	Relevant pages
Eco Products	Approach to environment-friendly designing	Promotion and enlarging the application of environment-friendly designing	<ul style="list-style-type: none"> We dealt with the reduction of environment stresses by implementing the environment-friendly designing assessment at each step of DR (design review) and by reducing the number of components, the total weight of machinery, and harmful substances. We are now mainly working on the reduction of harmful heavy metals such as hexavalent-chrome and lead. To reduce the air pollutants discharged by diesel and gasoline engines, Iseki have developed environment-conscious diesel engines. In addition to meeting the emission control of Japan and other countries in the world, our engines comply with the agricultural industry's voluntary controls which are not legally binding. 	○	14-16
	Promotion of waste products recycle system	Promotion of effective use of resources	<ul style="list-style-type: none"> In collaboration with our distributors, Iseki promotes the collection and recycling of waste products in order to accelerate "3R" principle (restriction of wastes, reuse and recycling). 	○	11
	Promotion of purchasing green	Promoted purchasing green through good relationships with business partners	<ul style="list-style-type: none"> Purchasing Green was deployed as a company-wide activity since FY2004, and currently, the ratio of office supplies purchased through this activity in the entire company is approximately 90%. The ratio of the purchasing green for production parts is approximately 70%. 	○	16
	Support of nature-friendly agriculture	Promotion of development of environment preservation agriculture promotion products	<ul style="list-style-type: none"> We have been dealing with farming methods which have enabled us to lower the volume of agricultural chemicals used as well as develop pesticide-free hoeing machines and paddy seed disinfection machines using hot water in order to be translated into practical applications. 	○	15-16

Item	Mid-term and long-term environment targets		Accomplishments in FY2007	Evaluation	Relevant pages
Reinforcement of Environment Management Basis	Environmental management system	ISO14001 certificate updating / EA21 certificate updating at each manufacturing plant	<ul style="list-style-type: none"> The headquarter departments and production groups were certified ISO14001. In order to promote the approaches that will realize a recycling-oriented and low carbon emission society, we have accelerated to be audited on a regular basis after being certified by the environment management system. 	○	7
	Entrenching of environmental accounting	Introduction of environmental accounting and up-grading	<ul style="list-style-type: none"> After introducing the environmental accounting, this activity was deployed to 4 other manufacturing plants. From now on, we will check if the environmental preservation effects are comparable for the investment in order to prevent the global warming. 	○	9
	Environmental risk management	Strictly obey laws and regulations / Predict potential risks and strengthen the management system in order to prevent the actualization of such risks strictly	<ul style="list-style-type: none"> Iseki cleared all self-directed control standards which are more stringent than the criteria of legal measurement requirements. From now, we will promote the matters to be satisfied by the business establishments and particular goods holders according to the provisions of Amended Energy-saving Law. Iseki implemented emergency training on a regular basis at each business establishment to be able to respond to emergency cases. 	○	9

Item	Mid-term and long-term environment targets		Accomplishments in FY2007	Evaluation	Relevant pages
Collaborative Creation Together with Stakeholders	Environmental education	Raising employees' environmental consciousness / offering training to improve the environment preservation techniques	<ul style="list-style-type: none"> We strived to improve the capability of internal auditors through training by external educational institutes. We recommended employees to have the official qualifications needed to deal with Amended Energy-saving Law. We trained and assigned new internal environment auditors in order to maintain the environmental management system properly. 	○	17
	Environmental communication	Promotion of volunteer activities / enhancement of collaboration with community	<ul style="list-style-type: none"> Each of Iseki's manufacturing plants had accepted and arranged the factory tours for elementary school students and general public in order to communicate about the importance of agriculture and agricultural machinery. Iseki's employees joined the environment volunteer activities such as clean-up campaign of the community surrounding each business establishment. 	○	18

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

Environmental accounting

Environmental management

Iseki Group deals with the use of aggregated costs used for the environment preservation activities for our management decisions relevant to environment preservation, as well as for a guideline of valuation of business through information disclosures to the public. The implementation of environmental accounting started in FY2004. The

amount invested for environment preservation costs (pollution prevention, environment preservation, and resource recycling costs) in 2007 was 84,500,000 JPY. The total amount of expenses was 748,600,000 JPY that we made through some investments into diesel engine emission gas and maintenance and improvement of the environmental management system.

Environment preservation cost				
Category	Major programs	Amount of investment (in mil. JPY)	Expenses (in mil. JPY)	
(1) Cost spent in the business area	—	52.9	82.6	
Breakdown	① Pollution prevention cost	Sewage treatment	9.4	29.1
	② Environment preservation cost	Inverter installation	29.9	1.6
	③ Resource recycling cost	Waste treatment	13.7	51.9
(2) Cost required at previous and later stages	Green purchasing	0.0	164.6	
(3) Control activity cost	Maintenance of environment management system	0.0	57.6	
(4) Research and development cost	Corresponding to emission gas regulation	31.6	438.1	
(5) Community activity cost	Cleaning activity in the district	0.0	5.7	
(6) Environment recovery cost	—	0.0	0.0	
Total		84.5	748.6	

Scope of aggregation: (Iseki-Matsuyama, Iseki-Kumamoto, Iseki-Niigata, and Iseki-Houei MFG. Co., Ltd.)
Period of data: April, 2007 to March, 2008

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	4.9
(2) Reduction of environmental stress substances	42.5
(3) Reduction of energy consumption	4.5
Total	51.9

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 51,900,000 JPY. The physical effect was the reduction of CO₂ emission by 793 tons, reduction of water consumption by 11,300 tons, and recycling of wastes by 1,180 tons.

Environmental risk management

Environmental management

[Actions to comply with Antipollution Laws]

<Establishment of self-directed standards and management in the company>

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 as a result of activities in 2007.

Measured item	Unit	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 2007	Regulatory standards	Self-directed control standards	Result in 2007	Regulatory standards	Self-directed control standards	Result in 2007
Water quality	Volume of suspended substances (SS)	200	96	2	200	40	4	90	45	4
	Volume of biochemical oxygen demand (BOD)	160	120	1.2	160	8	2	60	30	11
	Chemical oxygen demand (COD)	160	96	8.7	—	—	—	—	—	—
	n-hexane (Mineral oil)	30	18	Less than 1	5.0	2.4	Less than 0.5	5.0	5.0	1.1
Air	Particulate	0.30	0.18	Less than 0.01	0.30	0.08	Less than 0.01	0.20	0.10	Less than 0.01
	Nitrogen oxide (NOx)	250	150	48	250	200	94	230	150	57
Dioxin	Emission gas	5.0	3.0	0.48	—	—	—	—	—	—

— : 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	General (BOD, pH, SS, others)	Once a year	Once a year	Once a year
	Nitrogen and phosphorus	Every day	Once a year	—
	COD • PH	Every day	Once a year	—
Casting melt furnace (Paint oven in Niigata)	Air	Twice a year	—	Twice a year
Boiler (Hot air heater in Niigata)		Twice a year	Twice a year	Once a year
Waste incinerator	Dioxin	Once 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 risk management [Example of control for air pollution prevention]

Environmental management

[Emission control of VOC (Volatile Organic Compounds)]

<Recycling using a thinner reproducing unit>

Paint thinner is used for the cleaning of painting equipment when changing the color of paint in Iseki-Matsuyama MFG. After cleaning the equipment the solvents were disposed of as industrial wastes. This time, we have installed a solvent reproducing unit at Iseki-Matsuyama MFG and the reproduction of the solvents has become possible without using the costly treatment process of distilling waste thinner.

By reusing the waste thinner, the amount of newly purchased thinner was reduced. We have been able to share both the advantages of reducing the purchasing cost of thinner and reducing the amount of wastes. As a result, the purchase of thinner was reduced by 3,840 liters in FY2007.

Emitting VOC (Volatile Organic Compounds) into the air is the cause of allergic symptoms, sick building syndromes and photochemical smog, all having a detrimental affect on the health of people. Because of this, the control of the emission of VOC is another way of contribution to society.



Solvent reproducing unit

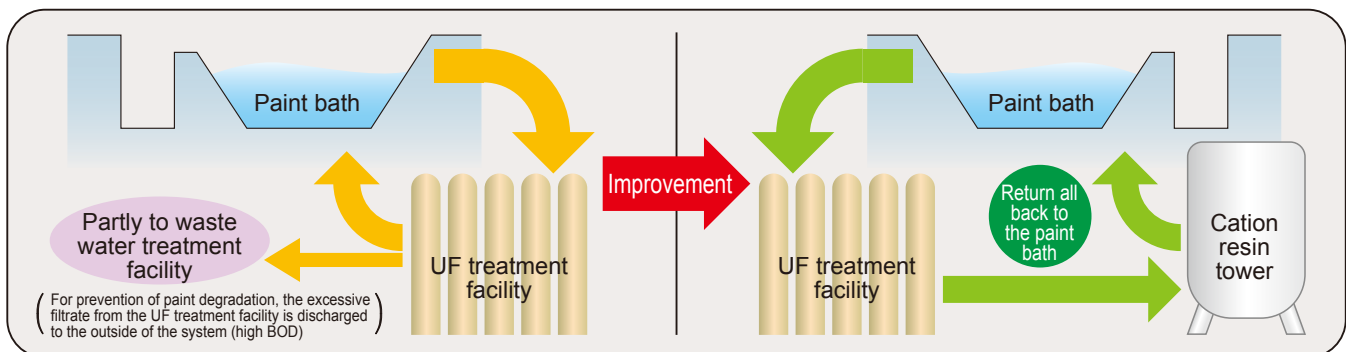
Environmental risk management [Example of control for water pollution prevention]

Environmental management

[Prevention of water pollution through proper treatment of industrial sewage]

Because the UF treated solution heavily affects (environment stresses) the industrial waste water treatment system, Iseki-Kumamoto MFG Co., Ltd. used to discharge part of UF treated solutions to the waste water treatment system in order to prevent ED solutions from being deteriorated. However, for improvement of the

quality index of water to be discharged into the public water areas, we installed a cation resin tower as shown below. As a result, no UF treated solutions are being discharged into the waste water treatment system now and the volume of environment stress substances has been reduced while aiming to improve the quality of water.



* **UF treatment facility is:** The paint carried out from the ED bath with products will be washed off and filtered in the UF treatment facility and returned back to the ED bath. Part of the waste water is discharged to the outside of the system, however, the volume of discharge can be minimized by using this facility.

Item	Unit	Regulatory standards	Self-directed standard	Record of FY2007
Hydrogen-ion concentration (PH)	-	5.8 - 8.6	6.0 - 8.4	7.6
Volume of biochemical oxygen demand (BOD)	mg/L	25	8.0	2.0
Volume of suspended substances (SS)	mg/L	200	40	4.0
n-hexane extract content	ppm	5.0	2.4	Less than 0.5

* BOD regulatory standards (Ordinance of local government) have been changed since April 1, 2008. 160 → 25



Cation resin tower