

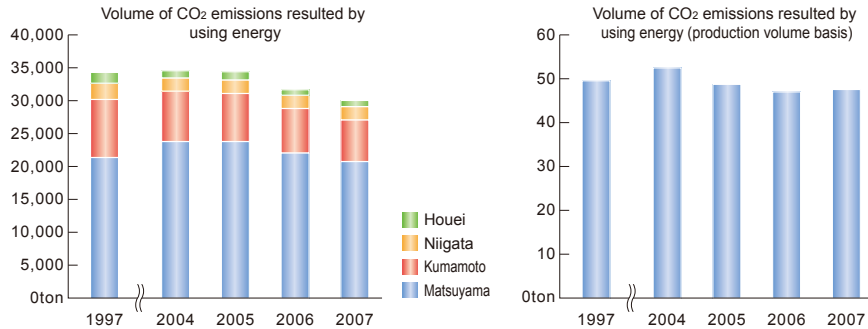
# Promotion of energy saving [ Preventing global warming ]

## Environmental performance

### [ Reduction of energy use in the plant ]

Iseki Group has been striving to reduce energy consumption in four manufacturing plants where a large amount of electricity and fuel is consumed by reducing energy consumption required for production activities and by maximizing the efficient operation of all machines and facility used in the production processes.

The total volume of CO<sub>2</sub> emissions in FY2007 was 5% lower than the previous year while the reduction per production volume has been unchanged.

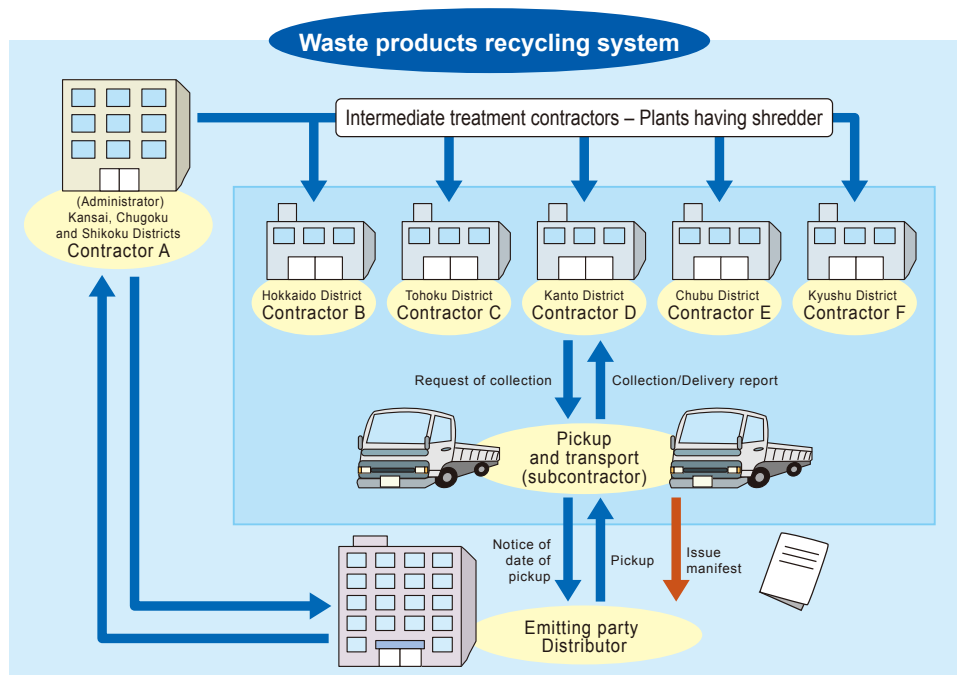


### [ Reduction of volume of waste products for final treatment ]

#### 〈Application of waste products recycling system〉

Since 2007 Iseki Group has implemented and applied a waste products recycling system in order to accelerate the 3R principle (restriction of wastes, reuse and recycling) which was established for the promotion of recycling waste products generated as a result of business activities and the appropriate treatment of industrial waste. This system has been developed to establish a recycling network for all dealers across the country in collaboration with several intermediate treatment contractors which have shredding (pulverizing of waste products) plants.

By utilizing the network, Iseki Group also collects the industrial waste, which we discharge from our production processes, in addition to the waste products so as to utilize them in an effective way. The recycle-oriented society that Iseki aims to develop through our contribution can be achieved by such effective use of waste products and the industrial waste from markets. These activities are also considered to be an important environmental approach of the entire Iseki Group.

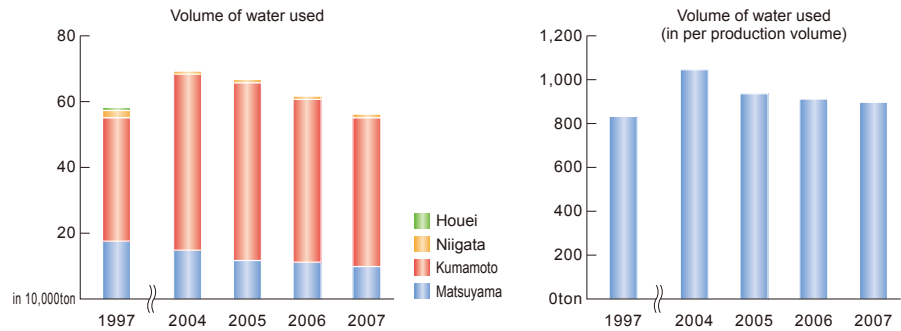


# Promotion of energy saving [ Preserving water resources ]

## Environmental performance

### [ Reduction of volume of water used ]

According to the installation of the water circulation facility, the four manufacturing plants strived to reduce the volume of water used. The volume of water used in FY2007 was reduced by 8% from the previous year, by 1% from the previous year in per production volume. In the future the effect of investment on this facility will begin to exert and help us achieve the target. The "Century of water" is the word expressing the 21st Century. Iseki will continue our efforts in reducing the volume of water used.

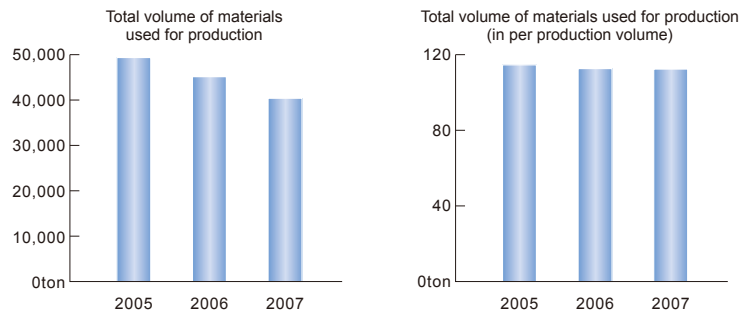


# Promotion of energy saving [ Reduction of total volume of materials used for production ]

## Environmental performance

### [ Reduction of total volume of materials used for production ]

In order to reduce the indirect generation of greenhouse effect gasses by reducing the volume of materials used, Iseki-Matsuyama MFG. Co., Ltd. calculated the total volume of materials used for production. This included all raw materials, indirect production materials, and outsourced and purchased parts. In comparison to FY2006, we reduced the total volume of materials by 12% in the FY2007. The total volume of materials per production volume was unchanged.



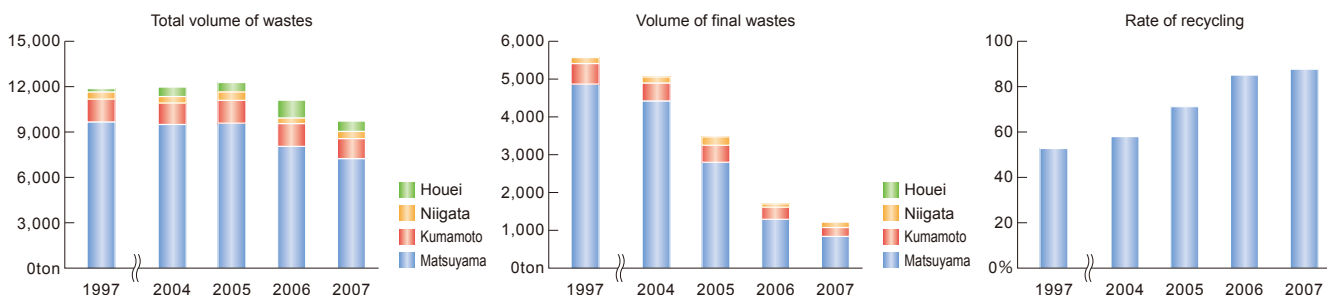
# Reduction of industrial wastes [ 3R of production processes ]

## Environmental performance

### [ Reduction of wastes ]

To contribute towards the acceleration of a recycling-oriented society, Iseki made best efforts in recycling and reusing resources by reducing the total volume of wastes, reusing them and recycling the wastes at four manufacturing plants. In FY2007, Iseki reduced the final volume of wastes by 14% from the previous year, at the same time, per production volume was down 7% compared to FY2006. The final volume of wastes reduced this year such as by

landfilling was 14% less than last year and there was a 8% drop in the volume of per production volume compared to the previous year. As a result, our recycling rate for the total volume of wastes improved to 87%. Now and in the future, Iseki will take further approaches towards the inhibition, reuse, and stringent segregation of wastes, as well as the promotion of recycling in accordance with the businesses of each manufacturing plant for zero emission.

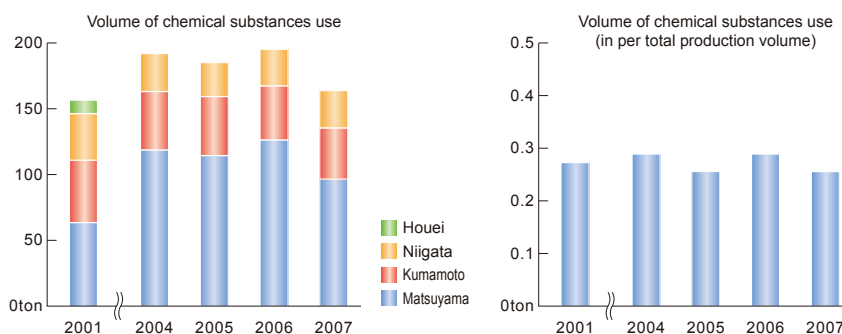


# Optimal control and reduction of use of chemical substances

## Environmental performance

### [ Optimal control of chemical substances ]

The volume of use, emission, and transportation of Category-1 Chemical Substances (1 ton or more) stipulated by PRTR law is as follows. The volume of use for the total production volume in FY2007 was reduced by 10% in comparison with last year due to the installation of thinner reproducing unit. From now and in the future, Iseki will closely monitor the volume of use and reduction of VOC (Volatile Organic Compounds) use through appropriate control and management of such chemical substances.



### [ Volume of use of substances controlled by PRTR law ]

	FY2001					FY2006					FY2007				
	Matsuyama	Kumamoto	Niigata	Houei	Total	Matsuyama	Kumamoto	Niigata	Houei	Total	Matsuyama	Kumamoto	Niigata	Houei	Total
Xylene	20.1	26.7	13.9	6.5	67.2	37.4	22.7	12.8	0.0	72.8	37.0	22.9	13.3	0.0	73.2
Toluene	13.4	4.7	8.5	1.0	27.7	33.3	4.4	5.2	0.0	42.8	15.4	2.9	3.2	0.0	21.6
Ethyl benzene	16.8	14.7	9.1	0.0	40.6	36.4	12.2	10.1	0.0	58.7	34.3	12.5	10.7	0.0	57.4
Water-soluble zinc compound	0.0	1.2	0.0	3.2	4.4	0.0	1.8	0.0	0.0	1.8	0.0	1.5	0.1	0.0	1.5
Dichloromethane	13.0	0.0	2.4	0.0	15.4	18.8	0.0	0.0	0.0	18.8	8.9	0.0	0.0	0.0	8.9
1, 3, 5-Trimethylbenzen	0.8	0.0	1.4	0.0	2.2	0.9	0.0	0.2	0.0	1.1	1.1	0.0	0.1	0.0	1.3
Total	64.1	47.3	35.4	10.7	157.4	126.8	41.0	28.2	0.0	196.0	96.7	39.8	27.4	0.0	163.9

(unit : ton)

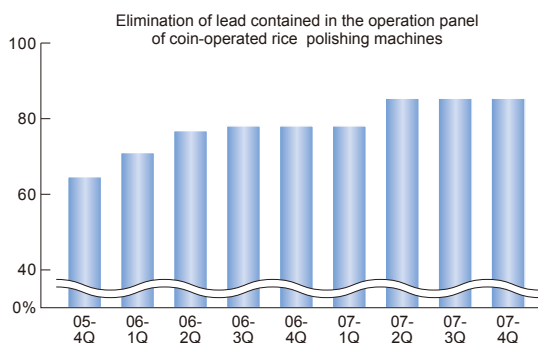
## Eco products

# Approach to environment-friendly designing

## Environmental performance

### <Approach to develop a lead-free operation panel of coin-operated rice polishing machines>

In order to protect the health of people and to reduce the use of substances harmful to the ecosystem, Iseki has started an approach to inhibit the use of lead in the electric components of our products from the stage of research and development of the coin-operated rice polishing machines cleaners in accordance with the domestic law, Waste Management Law, and European RoHS Directives which control the use of harmful substances in electric and electronic devices and components. Starting in FY2005, we reduced by approximately 85% of the lead content in the relevant devices and components by the end of FY2007. As a second stage of this approach, we now deploy a "Lead-free" activity to eliminate all lead from components for electric and electronic devices.



Operation panel of coin-operated rice cleaner

# Approach to environment-friendly designing

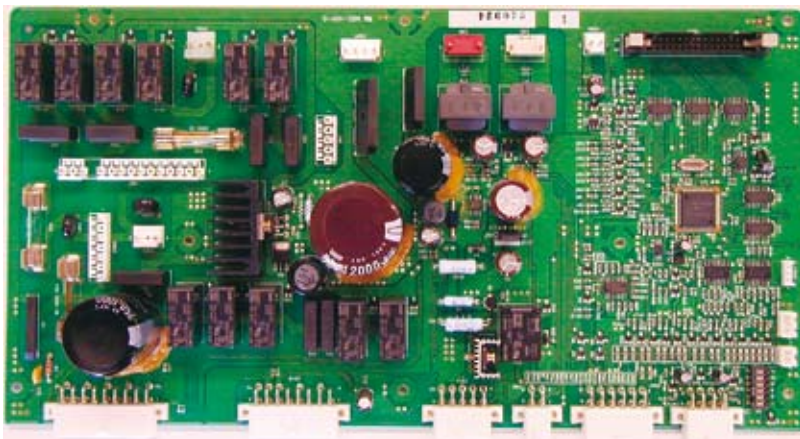
## Environmental performance

### 〈Approach to reduction of harmful metals in controller PCB of dryers〉

Currently the harmful metals are under the control of environment laws such as the Soil Contamination Countermeasures Law and Waste Management Law in order to preserve the environment and to promote the health of people. For a long time, solder alloy had been used by Iseki to connect electric and electronic components of dryer controllers, which are used for controls of various operational parameters, as solder alloy was effective and advantageous due to its high reliability and low melting point. However, the use of this alloy has been an issue in question in terms of being a health hazard because in some cases the dryers are disposed in landfill sites after crashing and lead penetrates into the land and eventually

accumulates in human bodies through vegetables, drinking water and sea food.

With this background in mind, since January 2006, Iseki has been dealing with a "solder lead-free" approach as a primary step and has succeeded in realizing the lead-free production of dryer controller PCBs which used to contain relatively large amounts of lead amongst the various agricultural machines sold by Iseki. As a secondary step, we are trying to produce "lead-free electronic components mated with PCB." At the same time, Iseki applies this lead-free technology cross-cuttingly in other products such as tractors for heavy duty use.



Controller of dryer

#### Solder chemical composition (%)

Common solder (conventional type)	
Sn (Tin)	63.0
Pb (Lead)	37.0

Lead-free solder	
Sn (Tin)	96.5
Ag (Silver)	3.0
Cu (Copper)	0.5

### 〈Approach to emission control of diesel engine〉

As a member of the Japan Land Engine Manufacturers Association (JLEMA), Iseki undertakes tasks relevant to protecting the environment. The base of current emission gas controls in Japan is the Air Pollution Control Law and this law controls the large engines, stationary equipment, and automobile engines. In addition to automobiles, some agricultural machinery, construction machinery and industrial machinery are basically categorized in the segment of special automobiles and are objects to this law if their engine output is 19kW or larger.

As the regulation started to apply to those machinery having diesel engines of 19kW or larger since October, 2003, JLEMA started to

promote the development and production of multi-purpose diesel engines of less than 19kW which meet MLEMA's self-directed regulation to support environment preservation activities.

The substances to be controlled on a voluntary basis are: Carbon hydride + nitrogen oxide (NMHC + NOx), carbon monoxide (CO), PM (particulate organic matters) and transient smoke. The reference values and test procedures to be referred to those utilized by EPA (Environment Protection Agency) of the United States. Those engines which meet the self-directed emission controls requirement are indicated with an integrated marking.

Major products which meet the control standards are shown below.



Tractor



Combine harvester



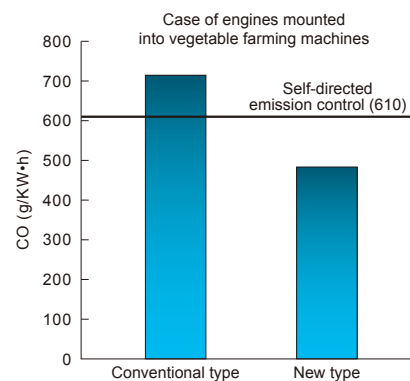
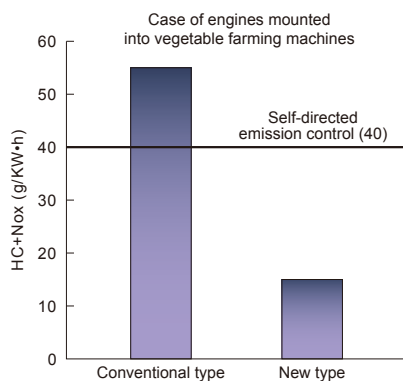
Rice transplanter

# Approach to environment-friendly designing

## Environmental performance

### 〈Approach to self-directed emission control of gasoline engines〉

Now the multi-purpose diesel engines, whose size is less than 19kW, are widely used for many types of machinery, including machinery for vegetable farming, cultivators and lawn mowers. Iseki promotes the use of engines which meet the self-directed emission control of Japan Land Engine Manufacturers Association. The emissions from diesel engines, such as NOx (nitrogen oxide), carbon hydride (HC) and carbon monoxide (CO), are air pollutants and these are also said to be causes of environment pollution. In order to reduce air pollutants, Iseki has started to mount the engines which cleared the self-directed emission control into the vegetable transplanters and harvesters since January, 2008. The content of NOx in the emission is reduced by 72% and that of CO by 35% in comparison with conventional engines.



### 〈Approach to improvement of weed removal using a soybean weed removing machine〉

Most of large soybean farms suffer from weeds and their biggest concern is the removal of weeds before harvesting. The chemical herbicides which follow the Pesticide Legislation are not sufficient for the complete removal of the weeds resulting in the weeds becoming so dense by the time that soybean leaves become dry before harvest and completely cover the soybean.

The most common current method of removing these weeds is to spend a great amount of time and effort to operate the weed removing machines. Some soybean farmers harvest the beans without

removing the weeds, however, this results in the contamination of the beans by weeds and the degradation of soybean quality due to the difficulty of harvesting. Iseki has developed a weed removing machine in collaboration with soybean farming companies. This machine greatly contributes to harvesting of soybeans; it is safety to operate, greatly reduces the number of work hours and helps to preserve the environment. In addition, we can expect an improvement in soybean quality as fewer soybeans will be contaminated by the weeds if this machine is used.



# Support for nature-friendly agriculture

## Environmental performance

### <Development of paddy seed disinfection machine using hot water>

There will be no success in developing earth-friendly farming methods without the collaboration with agriculture and farming companies. The paddy seed disinfection which we would like to introduce this time is a "technique used to disinfect and protect from damage due to disease by soaking paddy seeds in hot water for a certain period of time." As recent farming technology is expected to focus on environment preservation and to minimize the use of agricultural chemicals, this technology has been drawing attention in the industry as an alternative method of seed disinfection through

the use of chemicals. This technology does not require any chemicals for paddy seed disinfection. The number of chemical components to be used in the chemosynthetic agricultural chemicals can be reduced, therefore, the certifications for specially-cultivated agricultural products and the qualification of eco farmers can be granted more easily. Iseki has developed a paddy seed disinfection machine using hot water. This machine requires only a small amount of space although a large amount of paddy seeds can be processed securely as the operational efficiency is greatly improved.

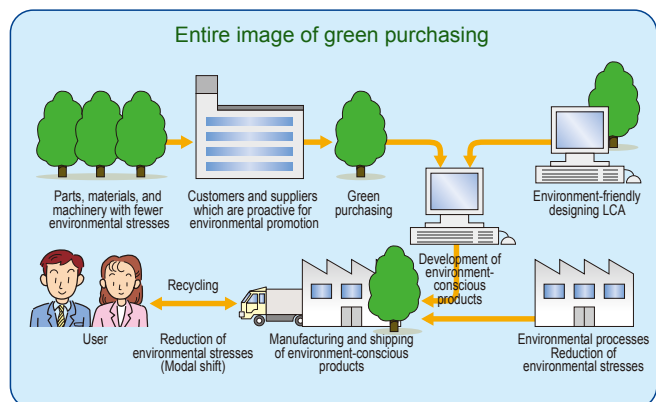
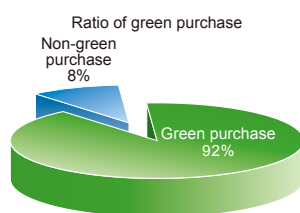


# Green purchase

## Environmental performance

### <Green purchase of office suppliers>

We have established the green standards for paper and 14 other categories of commercialized commodities such as office suppliers and electric and electronic devices. In order to follow these standards, Iseki promoted the purchase of products with environmental labels such as eco marks and GPN standard products on a priority basis. The total amount of green purchase of entire Iseki Group was 92% of the total purchase in FY2007.



### <Level of environmental awareness of our suppliers and vendors>

The Green Purchase ratios of our suppliers and vendors based on the environmental management system (EMS), such as ISO14001 and Eco Action 21 (EA-21), were 51% of the total number of vendors and suppliers and the amount of purchase from these suppliers and vendors was 73% of our total purchase. Iseki strive to encourage such suppliers and vendors to implement the EMS in the future so as to establish a supply chain which enhances the ratio of our Green Purchasing.

