

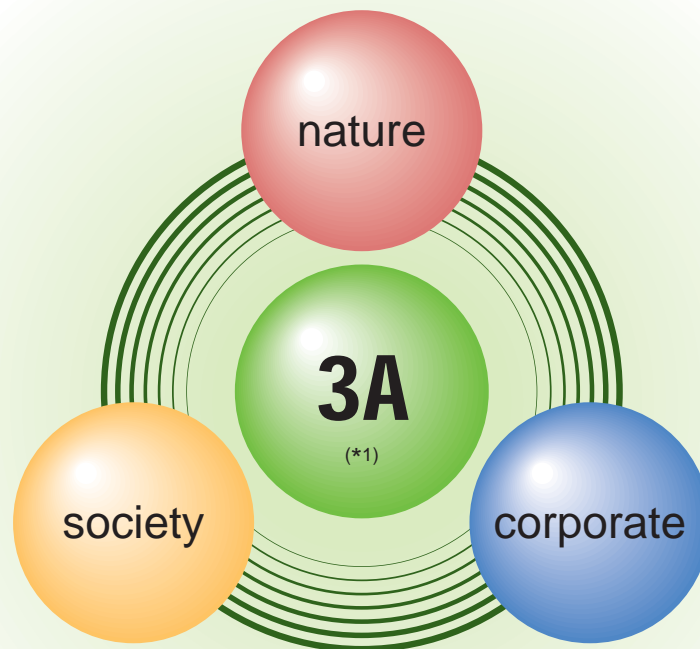
Eco vision

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 and low carbon emission 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.

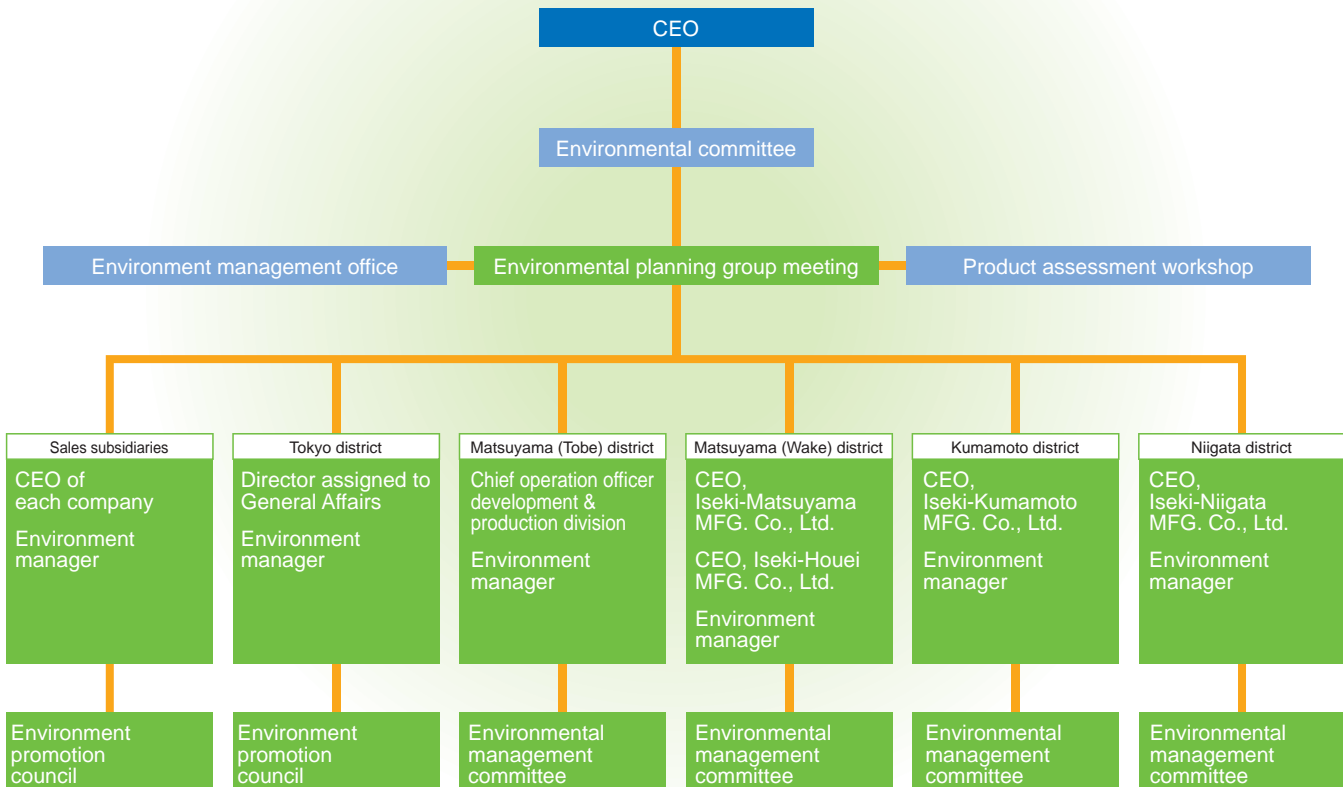
<Environment committee>

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]

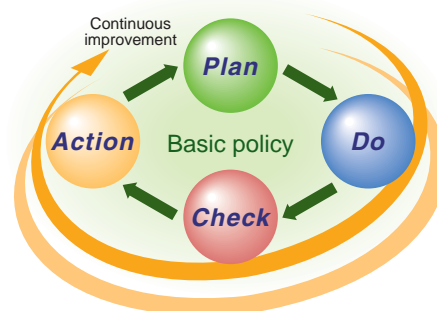


Environmental management system

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 and low carbon emission 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 and low carbon emission societies by playing active roles in environmental preservation activities using these certifications as tools of our 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	IGES-0003944	July 31, 2009
	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

<Environmental auditing>

FY2008	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	8	28	0	7	16	0	2	8	0	9
External regular auditing	19	0	11	12	0	6	16	0	7	9	0	4

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 FY2008, there were no reports of nonconformance after both internal environmental auditing and external regular

auditing. However, the result of auditing is based upon the matters sampled for auditing and not the grounds showing that every matter in Iseki has been carried out perfectly. Iseki, therefore, will continue our follow up on the subjects and utilize every opportunity to conduct improvements.

Mid-term and long-term environmental targets and results of the FY2008

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 FY2008.

Item	Mid-term and long-term environment targets		Accomplishments in FY2008	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 15% of the datum year. Even though the production volume increased from the last year, we succeeded in reducing the total volume of emission. 	○	12
	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 decreased by 27% of the datum year although we started the in-house manufacturing of parts which had been outsourced. As a result of renovation of the water supply piping, a steep reduction from the last year was achieved. From now, the effect of the utility equipment improvement plan will be successfully realized and the target of FY2010 will be achieved. 	○	13
	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 78% lower than the datum year and 12% lower than the last year as a result of promotion of reuse and recycling, as well as segregation of wastes. 	○	13
	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 emission of controlled chemical substances for the total production volume was only 12% lower than the datum year and 9% lower than the last year as the use of paint and solvents increased due to an increase of production volume. It seems difficult to achieve the target in the FY2010, therefore, we will continue our activities to further reduce such chemical substances including VOC. VOC: Volatile Organic Compounds (causative substance of photochemical smog and allergy) 	△	14

Item	Mid-term and long-term environment targets		Accomplishments in FY2008	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 engines using an extra-high pressure fuel injection system, Iseki have developed environment-conscious diesel engines which emit less air pollutants. 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 order to realize zero emission, Iseki further promotes the recycling of waste products in order to accelerate "3R" principle (Restriction of wastes, Reuse and Recycling). 	○	12
	Promotion of purchasing green	Promoted purchasing green through good relationships with business partners	<ul style="list-style-type: none"> The overall ratio of purchasing green including office supplies in the entire company was 96%. The ratio of the purchasing green for production parts and materials was 52%. Iseki will assist our business partners in developing the environmental management system. 	○	20
	Support of nature-friendly agriculture	Reduction of air pollutants included in the diesel engine emission gas	<ul style="list-style-type: none"> We aim to realize the low carbon emission society through a control of greenhouse effect gasses included in the emissions from a diesel engine. 	○	17-19

Item	Mid-term and long-term environment targets		Accomplishments in FY2008	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 manufacturing plants promote the activities which utilize ISO14001 in most efficient ways. In order to promote the approaches that will realize a recycling-oriented and low carbon emission society, Iseki's Group, including sales companies, have accelerated to be audited on a regular basis while putting the environment management system in practice. 	○	7
	Entrenching of environmental accounting	Introduction of environmental accounting and up-grading	<ul style="list-style-type: none"> We have introduced and deployed an environmental accounting system as an index of our environment preservation activities. We will continue to 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 on top of the legal compliance rules. From now, we will promote the matters to be satisfied by the business establishments according to the provisions of Amended Energy-saving Law which specifies the changes from plant basis to company basis, as well as strengthening of the management structure. 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 FY2008	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 while taking necessary measures for aging of such qualified auditors. 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. 	○	21
	Environmental communication	Promotion of volunteer activities / enhancement of collaboration with community	<ul style="list-style-type: none"> The renewal of Matsuyama Exhibition Pavilion was completed. Iseki 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. 	○	22

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 2008 was 167,000,000 JPY. The total amount of expenses was 643,000,000 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	-	138.0	78.3	
Breakdown	① Pollution prevention cost	Sewage treatment	89.0	28.0
	② Environment preservation cost	Inverter installation	44.0	1.9
	③ Resource recycling cost	Waste treatment	4.9	48.4
(2) Cost required at previous and later stages	Green purchasing	0.0	31.2	
(3) Control activity cost	Maintenance of environment management system	0.0	48.8	
(4) Research and development cost	Corresponding to emission gas regulation	28.7	478.7	
(5) Community activity cost	Cleaning activity in the district	0.0	5.6	
(6) Environment recovery cost	-	0.0	0.0	
Total		166.7	642.7	

Scope of aggregation: (Iseki-Matsuyama, Iseki-Kumamoto, Iseki-Niigata, and Iseki-Houei MFG. Co., Ltd.)
Period of data: April, 2008 to March, 2009

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	2.0
(2) Reduction of environmental stress substances	49.6
(3) Reduction of energy consumption	16.6
Total	68.2

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 68,200,000 JPY. The physical effect was the reduction of CO₂ emission by 1,470 tons, reduction of water consumption by 138,000 tons, and recycling of wastes by 4,310 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 2008.

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 2008	Regulatory standards	Self-directed control standards	Result in 2008	Regulatory standards	Self-directed control standards	Result in 2008
Water quality	Volume of suspended substances (SS)	600	500	3	200	40	3	90	45	3
	Volume of biochemical oxygen demand (BOD)	600	500	1.1	25	8	1	60	30	6
	n-hexane (Mineral oil)	5	4	Less than 1	5.0	2.4	Less than 0.5	5.0	5.0	1.0
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)	180	150	62	250	200	66	230	150	52
Dioxin	Emission gas	5.0	3.0	1.3	-	-	-	-	-	-

- : shows standard N/A or not applicable machines

<Frequency of environment data measurement>

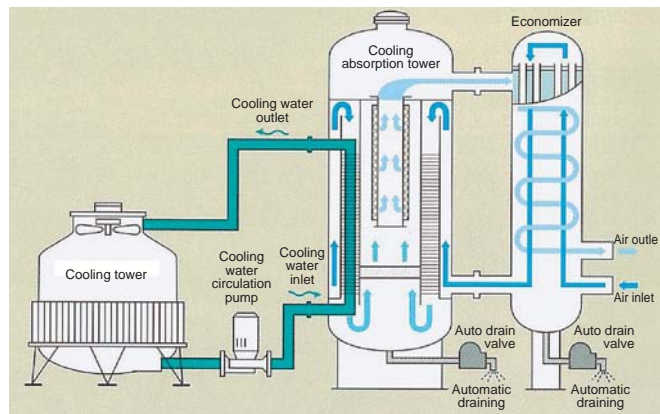
Machine, equipment, and place	Measured item	Measuring frequency		
		Iseki-Matsuyama & Iseki-Houei MFG. Co., Ltd.	Iseki-Kumamoto MFG. Co., Ltd.	Iseki-Niigata MFG. Co., Ltd.
Industrial effluent	Water quality	Once a year	Once a year	Once a month
Casting melt furnace	Air	Twice a year	-	-
Boiler		Twice a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

- : shows standard N/A or not applicable machines

[Control to inhibit the emission of GHG (Global Greenhouse Gas)]

< Reduction of the loss of compressed air by using a dehumidifying facility with a de-oiling function (Hygro-master) >

Iseki-Matsuyama MFG Co., Ltd., uses compressed air as a source of energy to operate various equipment and tools. The air compressed by the compressor includes moisture and oil resulting in the need to drain water from the air piping every day. This process is imperative for manufacturing activities in order to maintain quality compressed air does not contain moisture or oil. Our new facility, the “Hygro-master” having de-humidifying and de-oiling functions”, has contributed in eliminating the need for daily draining operations as we started to use the hygro-master to dehumidify and de-oil compressed air before feeding the air to various locations required in manufacturing. This has resulted in a reduction of 441,000kWh per year which is equivalent to a reduction of 167 ton of CO₂, saving approximately 3 million yen in the cost of electricity.



Layout of hygro-master facility

[Control to inhibit the emission of GHG (Global Greenhouse Gas)]

< Reduction of CO₂ emissions from boilers >

Iseki-Kumamoto MFG Co., Ltd., steam is used as the heat source in the manufacturing processes, and for air-conditioning and hot water supply. The boiler that we recently purchased is equipped with an inverter and is capable of compensating the revolution when there is a change in the ambient and air supply temperatures in summer time and winter time, maintaining stable combustion by keeping the appropriate air ratio, and maintaining a highly efficient operation rate and clean emission gasses. The boiler efficiency was improved by approximately 15% as small through-flow boilers were introduced, allowing for the control of the number of boilers used depending on the volume of steam required. As a result of fuel-savings from the boilers, we were able to contribute towards the prevention of global warming by reducing the CO₂ emission by 127 tons. This is equivalent to the savings of approximately 4 million yen in fuel costs.



Through-flow boiler

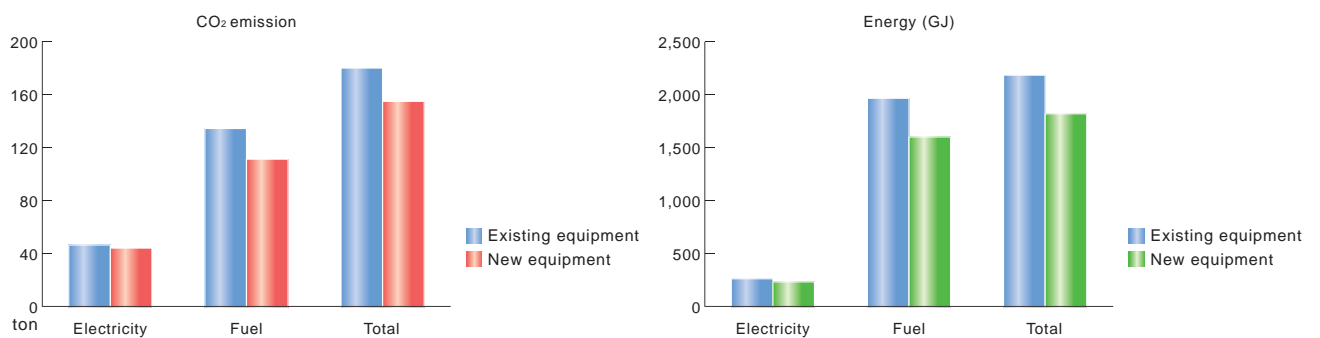
[Control to inhibit the emission of GHG (Global Greenhouse Gas)]

< Reduction of environmentally stressful substances by renewing a water cooling and heating machine situated in the office >

The current water cooling and heating machine situated in Iseki & Co., Ltd. Tobe Office became inefficient after a long period of use and thus its capacity for cooling and heating water decreased. A significant improvement of its cooling and heating capacity was not expected even after an overhaul; therefore, a new high energy-saving type of machine categorized in the top runner (a campaign to stimulate energy-savings) was purchased as equipment for environmental innovation. The type purchased at this time meets COP1.2*1 of JIS, and thus reductions of 5% in the annual use of electricity and 18% in the annual fuel cost were achieved in comparison to the previous machine. These volumes of reduction to electricity and fuel are equivalent to 393GJ of energy, having the same reduction effect as approximately 10,000 liters of crude oil.

As a result, the emissions of CO₂, a greenhouse effect gas, were reduced by 15%, equivalent to 27 tons-CO₂. The total amount of savings on electricity and fuel costs per year is approximately 750,000 yen.

Note 1: COP : Coefficient of Performance, showing the ratio of air-conditioning capacity (KW) per consumed energy (KW).



<Operation premises>

- Operation hours : 11.5 hrs. per day
- Cooling period : 88 days in average from June to October
- Heating period : 88 days in average from December to March

<Cooling and heating machine>



Operation panel



Combustion unit