

Sustainability in ISEKI Group

Basic policy (fundamental concept)

In keeping with the philosophy of our founder, "free farmers from exhausting labor," ISEKI Group sets forth its corporate philosophy as "We strive to contribute to the creation the prosperous and sustainable society through 'providing innovative products and higher quality of services to the customers.'"

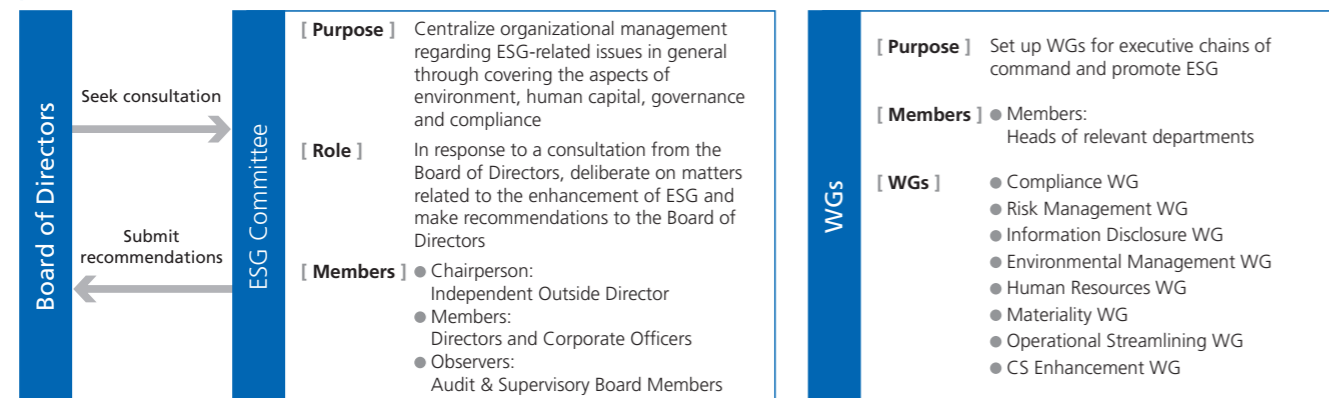
We will strive for the realization of a sustainable society, "agriculture and landscape," in cooperation with our stakeholders.

System for promotion of sustainability

With the aim of centralizing the management of organizations that address ESG-related issues in the Group, we established the ESG Committee in August 2022. The Committee is composed of Directors and Corporate Officers and chaired by an Independent Outside Director.

In principle, Committee meetings are held every month, examining and deliberating ESG initiatives of the Group as a whole, including responses to climate change, respect for human rights, and thorough compliance, from the perspective of risks and growth opportunities. In addition, the results of deliberations at Committee meetings are submitted as recommendations to the Board of Directors and basic policies, materiality, and other important matters are deliberated and determined by the Board of Directors. This framework enables the management team to strengthen its involvement. Eight working groups (WGs) have also been set up to promote ESG-related activities.

Promotion system



Main activities

- Set directions for and promote sustainability
- Review and set materiality
- Report important matters on sustainability

To spread sustainability

To penetrate sustainability throughout ISEKI Group, the top management sends messages to employees while awareness activities through internal newsletters and study sessions are conducted. We focus on sharing the Group's vision and philosophy especially with young and mid-career employees. We will maximize the Group's capabilities by allowing each employee to demonstrate their abilities.

Roundtable discussions

We hold roundtable discussions to foster employees' awareness toward ISEKI Group's goals and encourage them to take action voluntarily and proactively to achieve the goals. The sessions take place in small groups to facilitate discussions among employees.

A total of 15 sessions have been held since 2021, the first year of the Mid-term Management Plan. The discussions saw 116 participants, including employees from Group companies in Japan and overseas.

ISEKI Report issuance project

ISEKI Report is issued as a Group-wide project led by young and mid-career employees. Through the project, we share with the members the importance of sustainability, as well as integrated thinking that takes into account short-, medium-, and long-term value creation.



Stakeholder engagement

Basic Policy (Fundamental concept)

- ISEKI Group strives to build strong relationships of trust with stakeholders by engaging in constructive dialogue with them including direct interaction by the Company's executives.
- Our basic policy in information disclosure is to "disclose information properly to fulfill social accountability" and "endeavor to promptly disclose accurate information required from inside or outside of the Group in recognition of the importance of social accountability and thereby become a company with transparency." To win fair evaluation from all our stakeholders and ensure management transparency, ISEKI Group strives for fair, equitable, timely, and appropriate information disclosure keeping with the purpose and meaning of fair disclosure rules.

Major engagements with stakeholders

ISEKI Group engages in constructive dialogue with stakeholders to accurately understand and meet changing expectations from society. The issues, expectations, etc. obtained through various dialogues are fed back to the Directors, management executives, and related departments by way of reporting to the Board of Directors and other meeting bodies for the purpose of information sharing and reflected in and used for improvement of business activities.

M denotes involvement of company executives

Stakeholder	Concept behind the engagement	Opportunities for dialogue
Customers	To provide high-quality and safe products and services that satisfy our customers, ISEKI Group will extend farm business proposals and support, including cultivation techniques, as well as explanation for the application and safe use of agricultural machinery. We will also strive to understand the true needs of customers through dialogue and use this dialogue to improve product development.	Direct dialogue with sales and maintenance staff User exchange meetings M Visit M Trainings, seminars Exhibitions and demonstrations M Proposal and support of farm business technologies Market research
Suppliers	We will cooperate with our suppliers to create opportunities for mutual improvement so that they can lead to mutual business development including fair and equitable trade towards building a sustainable supply chain.	IR information meetings for vendors M Dealer meetings M Superior company tours M Inspection and meeting with suppliers M Business report meeting M Annual general meeting of Ishokai M Visits (Japan, overseas) M
Local community	We will engage in environmental conservation, activities for community growth and development, and activities for the nurturing of the next generation so as to enable co-existence with the local communities.	Tours of factories and exhibition halls M CSR activities such as cleaning activities Exchange of views with local governments, etc. M Participation in local events M
Employees	We will work on providing a secure and safe workplace, share company information and support for career development towards creating an employee-friendly workplace and nurturing human resources.	Internal IR information meetings M Collective bargaining M Labor management council M Safety and Health Committee Engagement surveys Employee meetings M Various training Various commendation meets and contests M Former employees' meeting M
Shareholders and investors	We will bolster corporate governance in order to build long-term trusting relationships with our shareholders and investors. We will engage in constructive dialogue based on our disclosure policy.	General shareholders' meeting M Quarterly briefing sessions (four times a year) M Individual meetings M Information meetings for individual investors and shareholders M Facility tours M Issuance of IR-related brochures

Constructive dialogue with shareholders and investors

With the aim of achieving stable growth and improvement in corporate value over the medium to long term, ISEKI Group engages in various IR activities to deepen shareholders and investors' understanding on the Group's stance on management, as well as the status of management and other topics.

In addition to creating opportunities for direct dialogue with the management, mainly the President and officers in charge of business administration departments, we have a section in charge of IR and strive for active dialogue with shareholders and investors. In 2022, our engagement initiatives included online company briefings for individual shareholders and investors, ESG briefings for institutional investors and analysts, and individual meetings, not to mention the Ordinary General Meeting of Shareholders and quarterly briefing sessions. We also enhanced information disclosures, such as renewing our website and issuing English IR reports for overseas investors.

Valuable opinions obtained from dialogues are fed back to the management and reflected in our business activities. In recent years, we revised the contents on human rights and mineral procurement in the CSR Procurement Guidelines, based on social circumstances and dialogues with analysts.

Internal IR information meetings for dialogue between top management and employees

To disseminate our long-term vision and management strategies to materialize the vision, we engage in employee communication (hold internal IR information meetings), where the management has direct dialogues with employees. In the 2023 meeting, the President described ISEKI Group's goals, the progress of the Mid-term Management Plan, and other topics. Employees then took part in group discussions, involving officers and executives, on links between the Mid-term Management Plan and their work, initiatives to achieve KPIs, and other subject matters.

● Please refer to our website for details of stakeholder engagement. <https://www.iseki.co.jp/sustainability/social/stakeholder/> (in Japanese)
● Please refer to p. 84 for the status of shares held by type of shareholder.

ISEKI Group's environmental management

Toward the realization of a sustainable society

ISEKI Group has designated realization of a decarbonized and recycling-oriented society contributing to societal sustainability as one of the business priorities, and practices environmental management by setting the Environmental Vision and the Basic Environmental Policy.

To practice environmental management across the Group, we have introduced the environmental management system (EMS) at our manufacturing bases and non-manufacturing bases, such as sales companies, both in Japan and abroad and built a structure to promote it in the form of a working group (WG) for promoting ESG.

In May 2022, ISEKI Group announced that the entire Group would tackle the challenge of achieving carbon neutrality by 2050, and raised its 2030 CO₂ reduction target to a 46% reduction compared with 2014 at its global production sites. Then, in June 2023, we set a new target of reducing CO₂ by 46% compared with 2014 throughout the entire Group. We will continue our efforts toward decarbonization with a sense of speed.

In terms of product-based action, we are working to enhance the percentage of eco-product sales in Japan as an indicator of the expansion of products featuring engines compliant with exhaust gas regulations and products that contribute to the reduction of greenhouse gas emissions from agriculture and of the promotion of eco-friendly design. Reducing the environmental footprint of the agricultural sector is a priority issue to curb CO₂ emissions by society as a whole and to create a sustainable society. ISEKI will use its superior technological and service capabilities to contribute to the resolution of social issues.

Environmental Vision

ISEKI Group will aim for the creation of a sustainable society, including carbon neutrality by "providing innovative products and higher quality of services to the customers."

Basic Environmental Policy

ISEKI Group promotes environmental activities that contribute to achieving harmony among nature, society and corporations with the aim of creating a sustainable society.

- 1 Maintain environmental management system and its functional applications
- 2 Promote dissemination of business activities and products and services to achieve carbon neutrality
- 3 Comply with environmental laws, regulations, and standards
- 4 Conduct environmental education and information disclosure

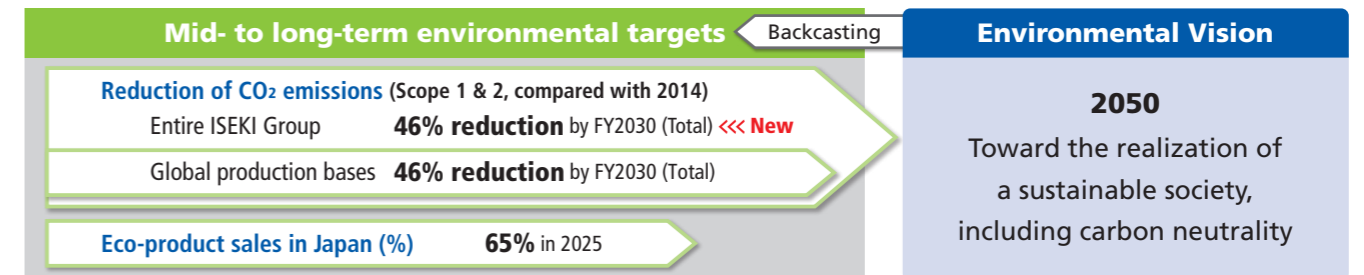
System for promoting environmental management

The Environmental Management WG promotes the Basic Environmental Policy throughout the Group, aiming to realize our Environmental Vision by managing progress toward our mid- to long-term environmental targets through compilation of activity results for each office, and by discussing TCFD-related measures. Matters discussed by the Working Group are reported to and deliberated by the ESG Committee.

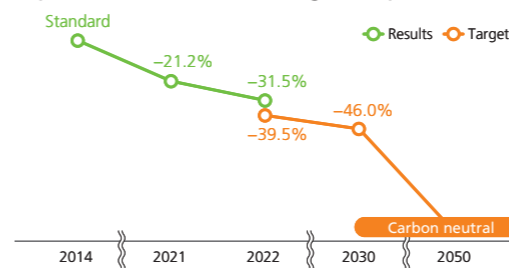


Mid- to long-term environmental targets and results

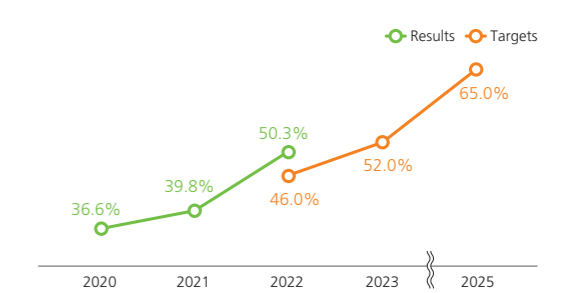
Mid- to long-term environmental targets (2022-)



Reduction of Scope 1 & 2 CO₂ emissions from production activities at global production bases



Eco-product ratio in domestic sales



TOPICS — Reduction of CO₂ emissions

ISEKI-Matsuyama MFG. Co., Ltd. is making moving forward with replacing equipment to switch from the heavy oil and butane gas that form part of its current fuel usage to liquified natural gas (LNG), which emits limited CO₂.

*Entire ISEKI Group: Consolidated business bases of ISEKI Group in Japan and overseas
 *Global production bases: ISEKI-Matsuyama MFG. Co., Ltd., ISEKI-Kumamoto MFG. Co., Ltd., ISEKI-Niigata MFG. Co., Ltd., ISEKI-Shigenobu MFG. Co., Ltd., PT. ISEKI INDONESIA
 *The CO₂ emission factor changes every year based on the power source composition ratios of the individual electricity companies. (Emission factors for each electricity company [Ministry of the Environment] were used as a reference.)
 *Please refer to p. 57 for information about the eco-product certification system
 *Upon revision of its mid- to long-term targets, ISEKI switched to monitoring total CO₂ emission reduction rates, rather than rates per unit of net sales, as previously. Furthermore, the number of sites subject to monitoring was changed, as a result, the figures above differ from figures published in the past.

Major activity results in promoting environmental management

	Mid-term environmental targets	FY2022 Targets and result evaluation			FY2030 Targets	
		Targets	Results	Evaluation		
Manufacturing resources	FY2013 standard Four manufacturing bases in Japan	Reduction of total material input (per net sales)	(16)%	(29)%	○	(18)%
Development of recycling-oriented society		Reduction of volume of water used (per net sales)	(42)%	(56)%	○	(51)%
Toxic chemical substances		Reduction of final volume of waste (per net sales)	(64)%	(72)%	○	(65)%
		Reduction of used volume of chemical substances subject to PRTR law (per net sales)	(36)%	(43)%	○	(37)%

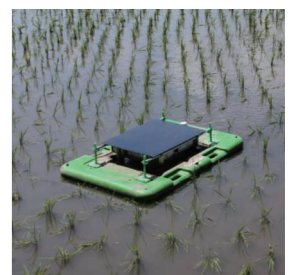
*Four manufacturing bases in Japan: ISEKI-Matsuyama MFG. Co., Ltd., ISEKI-Kumamoto MFG. Co., Ltd., ISEKI-Niigata MFG. Co., Ltd., ISEKI-Shigenobu MFG. Co., Ltd.
 *Please refer to the Company's website for the historical results of environmental burden reduction by base.

Initiatives for preservation of biodiversity

Agriculture is closely linked to the natural benefits (ecological services) produced by biodiversity. ISEKI Group has set down guidelines and strives to ensure that due consideration is paid to biodiversity in its business activities. (Please refer to the Company's website for ISEKI Group's Biodiversity Guidelines and its approach.)

Case study Alleviation of burden on soil and water by reducing the use of herbicides

ISEKI Group is contributing to the realization of sustainable agriculture by working to promote and expand environmentally sound agriculture including organic farming. The Aigamo-Robo weeding robot (for details, please refer to p. 36) suppresses the development and growth of weeds. This promises to reduce the use of herbicides, alleviating the burden on soil and water (i.e., contamination), thereby preserving ecological services.



Efforts to improve quality and customer satisfaction – Establishing trust with customers –

Basic Policy (Fundamental concept)

- ISEKI Group works to provide consistent product quality assurance from product planning to sales and after-sales service while reflecting the opinions from the market in product development and improvement so as to offer products developed from the customers' perspective in a timely manner.
- The Group takes all possible measures for quality control and makes prompt responses in good faith should any quality-related issues arise.

Product development reflecting the voices of customers

Product development and consistent quality assurance system that reflect the voice of customers

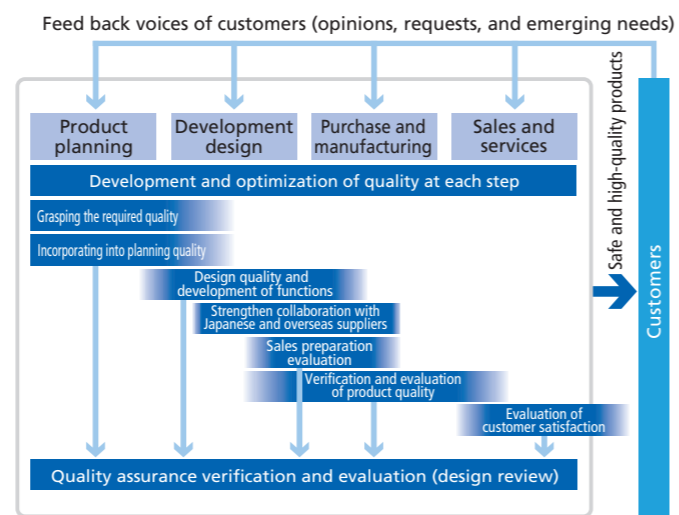
ISEKI Group has a seamless quality assurance system in place, where quality assurance verification and evaluation are conducted (design is reviewed) in every step from product planning, development and design to purchase, manufacturing, sales, and services with the aim of providing products that are safe and respond to the trust placed by the customers.

In product development, ISEKI Group grasps the requirement details based on the voice of customers (opinions, requests, and emerging needs) and utilizes them in product planning and build them into functions in development and design, ultimately reflecting them in purchase and manufacturing. In each step, the Group carries out evaluation and verification of quality optimization from various aspects. ISEKI Group also gathers customer opinions through service activities to provide instructions on test operations upon delivery and inquire on the conditions of the delivered products and has built a mechanism that feeds back those opinions for development and improvement, reflecting those in developing safe, high-quality products.

Improvement of productivity and quality by introducing production support equipment

ISEKI Group horizontally deployed conventional technologies such as the parts integration system and

Flow of how voices of customers are reflected in product development



the assembly direction management system that improve productivity.

In addition, the Group formulates capital investment plans for production support and verifies practical applications thereof, including image recognition tools using information technologies, digitalization of know-how of skilled workers, and systematization of work standards.

Early responses to quality defects

When an issue occurs in products, ISEKI promptly performs inspections and repairs of the products giving the utmost priority to customers' safety. When we launch a recall, we notify and report to the concerned authorities*1 without delay, disclose information, and strive to draw attention of and provide information to customers. We share information on quality deficiencies internally in order to prevent the recurrence of the same deficiency.

Responses to and utilization of inquiries from customers

We strive to respond to inquiries, opinions, and comments from customers promptly in a sincere manner (target of within one business day). The valuable opinions from customers are fed back to the Company's executives and relevant departments and are used for better product development, sales, and service activities. Further, for matters that receive a large number of inquiries, ISEKI Group disclose them on its website so that other customers can make best use of them.

Number of recalls by fiscal year*2

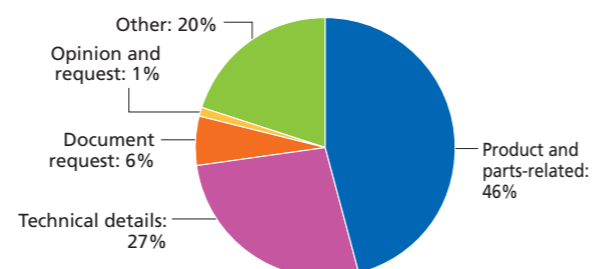
	2017	2018	2019	2020	2021	2022
Number of recalls	6	0	2	0	4	1

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

*2 Number of recalls filed with the Ministry of Land, Infrastructure, Transport and Tourism

● Please find the link below to access important notifications of recalls:
<https://www.iseki.co.jp/news/> (in Japanese)

Contents of inquiries regarding products from customers (FY2022) (Total number of inquiries that came through the website: 584)



Human resources development

Early nurturing young designers

Young designers implement the integrated system for rice farming by themselves for one year. We strive to develop products from customers' viewpoint, improving knowledge on not only farm work but also general agricultural matters through farm work.



Service skills contest

We held a service skills contest for young service staff at sales subsidiaries. The contest is intended to bolster repair fees at sales subsidiaries, as well as improve skills and increase motivation of each staff member.



Provision of products and services in consideration of the needs of customers and society

Preventing farming accidents

In recent years, a lot of accidents at the time of using agricultural machinery have occurred, and, in 2022, the number of farm work accidents was 321*1 in Japan.

To ensure customers' safety in farm work, ISEKI Group works to develop products with enhanced security and safety features. For the safety of farm work using tractors, we have developed a model equipped with a seat belt reminder*2, ahead of the 2025 implementation of new safety inspection criteria. Seat belt reminders are already mandatory for automobiles. They urge passengers to fasten their seat belts with lights and sounds. Our new model is the first tractor in Japan equipped with the reminder. We will press ahead with our development activities to ensure the safety of farm workers.

*1: According to statistics by the Ministry of Agriculture, Forestry and Fisheries
 *2: The reminder will be installed in phases, starting from the BF Series tractors



The system sets off a sound alarm with a light lit to warn that the seat belt is unfastened.



Customer satisfaction survey

To offer products and services of higher quality, we conduct customer satisfaction surveys targeting customers in Japan. The CS Enhancement Working Group promotes the activity. The survey results are reported to the ESG Committee and fed back to relevant departments. We thus strive to make improvements as needed.

Supply chain management

Basic Policy (Fundamental concept)

To achieve its social responsibility, together with its suppliers, across the entire supply chain, ISEKI Group's basic policy is that "the relationship with suppliers should be fair and equitable and it will not abuse its privileged position in the trade to give unfair and disadvantageous treatment to suppliers."

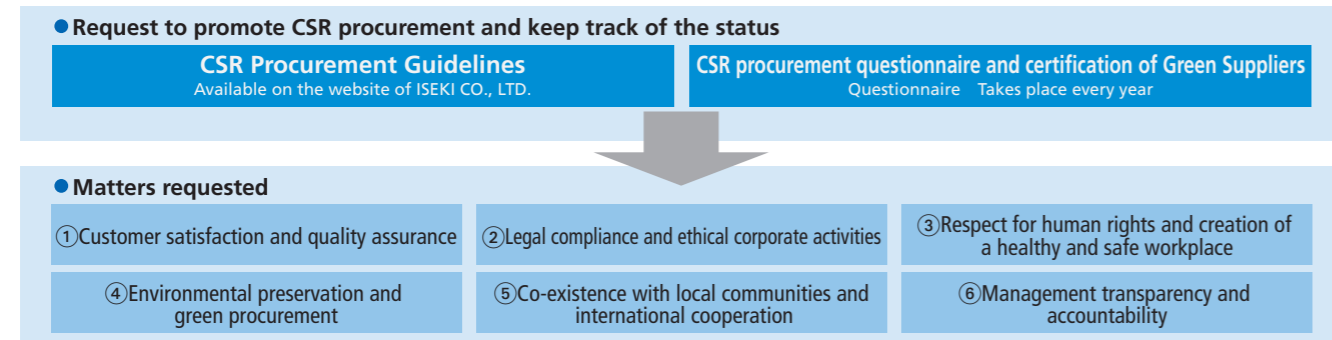
CSR procurement policy

ISEKI Group aims to be a company trusted by society by working on CSR procurement together with its suppliers to give its priority to environmentally- and socially-friendly material procurement and product and service provisions.

Promotion of CSR procurement

ISEKI Group has established, distributed, and published ISEKI Group CSR Procurement Guidelines, which outline the Group's CSR concept and procurement policy in order to jointly promote, with its suppliers, procurement activities that take social responsibility into account. The Group regularly carries out questionnaire surveys for suppliers according to the guidelines, and reconfirms contents and make improvement proposals, etc. in relation to suppliers whom CSR risks are concerned for.

To strengthen the relationship with our suppliers, we hold business report meetings and IR information meetings for vendors, as well as create other opportunities to engage in dialogue on our policies, the state of management, and CSR procurement. We also hold superior company tours and workshops to advance together.



Working on CSR with suppliers

Initiative undertaken	Indicator	2022	
		Target	Result
Confirm the status of suppliers that have been requested to promote CSR initiatives	Confirmation rate	80%	85%
Explain and exchange opinions about ISEKI Group's CSR procurement at business report meetings	Number of times held	2 times/year	2 times/year
Hold training sessions for major suppliers to factories in Japan (Iyukai association)	Number of times held	8 times/year	7 times/year
Formulate CO ₂ emissions reduction targets in collaboration with suppliers that account for 70% of transaction amount	Formulation rate	70%	51%

Initiatives for complying with the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors and prevention of corruption

The Group provides continuous education and training concerning the Act against Delay in Payment of Subcontract Proceeds, etc. to Subcontractors (the "Subcontract Act") and compliance to ensure fair and equitable transactions with suppliers. Regular reports on education and training are made from the Compliance Working Group, which consists of departments in charge of the overall management of each division, to the ESG Committee. In FY2022, ISEKI was subject to no legal action under the Subcontract Act.

Initiatives for complying with the Subcontract Act and prevention of corruption

- Reaffirmation of what violates the Subcontract Act and compliance with recurrence prevention measures
- Explanation on the details of recurrence prevention measures; Ethical Hotline
- Operational manual for compliance with the Subcontract Act
- Provisions of the Subcontract Act
- Participation in an outside seminar on the Subcontract Act
- Compliance education (Code of Ethical Behavior, Casebook of Scandals, etc.)
- CSR education (CSR procurement guidelines, etc.)

Communities – Co-existence with local communities –

Basic Policy (Fundamental concept)

The basic rule of ISEKI Group is "to actively contribute to local communities as a member responsible for society" and "to contribute to local society while affording respect for laws and regulations, practices and culture of the country when doing business overseas." ISEKI Group works on contributing to society through its business activities aiming for the mid- to long-term development of local communities.

Dream Project to support female farmers toward active participation by female farmers

40% of agricultural workers are women and they play important roles in farming and community activities.

To provide further support to the female farmers' activities, ISEKI Group has participated in NOGYOJOSHI (female farmers) project by the Ministry of Agriculture, Forestry and Fishery (MAFF). We worked with female farmers to develop agricultural machinery* and hold seminars. Since the COVID-19 pandemic, we have held online roundtable discussions on topics useful for farm business, such as the basics of GAP and soil maintenance. The round table discussions have seen over 100 participants in total.

Voice of seminar participants

"I was new to farming and unsure about how to use the machinery. The seminar taught me the correct way."
 "It was good to learn how to operate a tiller by actually using one."
 "I was looking for a seminar like this! Detailed guidance was helpful in preparing for the work in spring."

*[Attention to machinery developed based on voice of female farmers]
 In recent years, machinery products incorporating the perspective of female farmers have been attracting attention. For instance, they were featured in media as an example of gendered innovation.

"Shiropuchi" tractor for female farmers
 "Chocopuchi" series tiller for female farmers

Total number of seminars on how to operate agricultural machinery **43**
 Total number of participants in the project **More than 900**
*Including online roundtable discussions

Activities for contribution to the local community and environment

We have been serving as a park supporter since 2011, cleaning Shiroyama-koen Park (Matsuyama City) and Shigenobu River Green Area. In addition, we have been cleaning the Horie Beach twice a year since 2021 as a corporate supporter under the Ai Beach system, a volunteer registration system of Ehime Prefecture. As a member of the local community, we will continue to proactively work on activities for contributing to the community and environment.



Communication toward the nurturing of the next generation

ISEKI Group has proactively conducted activities toward the nurturing of the next generation of local communities. Sanae National Children's Drawing Contest for elementary school children and kindergarteners has been held every year since 1996 for the purpose of making them interested in "food" and "agriculture." In 2022, when the 27th Contest was held, we received excellent works from approx. 1,300 children nationwide. The total cumulative number of entries is 32,300. At the Farmers & Kids Festival held at Hibiya Park in 2022, we offered vegetable seedling quizzes and other programs where a wide range of visitors from children to adults enjoyed experiencing the appeal of agriculture and agricultural machinery.



Independent Outside Directors roundtable discussion



Shoji Tanaka

Independent Outside Director
Member of Nomination and
Compensation Committee

Kazuo Nakayama

Independent Outside Director
Member of Nomination and
Compensation Committee

Mami Taira

Outside Audit &
Supervisory Board Member
(Independent Officer)

Atsushi Iwasaki

Independent Outside Director
Chair of Board of Directors
Chair of Nomination and
Compensation Committee

Instilling *henkaku* (Change) throughout ISEKI Group as we approach the 100th anniversary of our foundation

To establish a path toward achieving sustained growth as a corporation, ISEKI & CO., LTD. calls on Outside Directors with a range of experience and extensive knowledge to participate in active discussions taking place primarily at Board of Directors meetings. We organized a round table involving four of these Independent Outside Directors to discuss the topics of *henkaku* (Change) at ISEKI Group as we approach the 100th anniversary of our foundation in 2025 and the challenges ahead of us.

A reliable company committed to its founding spirit

Tanaka: I'm an attorney, working primarily in corporate restructuring, including corporate rehabilitation, civil rehabilitation, and out-of court workouts. At ISEKI & CO., LTD., I assumed the position of Outside Audit & Supervisory Board Member in June 2010, and became an Outside Director in March 2016. ISEKI has established a solid position as an integrated manufacturer specializing in agricultural machinery that commands outstanding technological capabilities, with a track record that

includes the development of Japan's first ever auto-threshing combine harvester. On the other hand, however, the Company has a tendency to pursue its founding spirit so far that it gets caught up in high-mix, low-volume production, giving an impression of poor resilience, to use the common term these days.

Taira: Yes, but I do think the Company's outstanding technological capabilities are worthy of attention. I became an Outside Audit & Supervisory Board Member in March 2016. What's great about ISEKI is its

wholehearted devotion to responding to farmers' needs, which has driven it to put everything into developing technologies and making products. But the question is, can the products it develops actually generate profits? The Company isn't currently doing enough to secure profits, and that's a problem. Besides that, I'd like to see ISEKI invest effort in factory automation to boost its manufacturing capabilities. I'm also looking forward to the development of new products that can help address challenges such as sustainable coexistence with nature and climate change.

Nakayama: I took up the post of Outside Director at the Company in March 2021, after working at a general trading company, mainly in the machinery division and the food resources business unit, and then serving as an executive at a leasing company. ISEKI's image was that of a leading agricultural machinery manufacturer, and I found its employees extremely conscientious, but I do now sometimes feel that they could be a bit more business-minded. As Shoji Tanaka said, the Company has a high-mix, low-volume production model, and as long as there are farmers who need that, the Company has to also provide maintenance services. This is a reliable company committed to its founding spirit, but it seems to have a tendency to prioritize its social role somewhat to the detriment of economic rationality.

Iwasaki: I became an Outside Director at ISEKI & CO., LTD. in June 2013, and subsequently took up outside directorships at two other companies. In light of my experience at those two companies, I was appointed as Chair of ISEKI's Nomination and Compensation Committee as well as Chair of the Board of Directors, which placed me in a position of responsibility for all aspects of the Company's governance. Before I became an Outside Director at the Company, the name "ISEKI" conjured up a strong image of a Japan-based machinery manufacturer in my mind. Since taking up my post, however, I've realized that services and repairs are also key revenue streams for ISEKI, and that in recent years the ratio of overseas business has increased; developments such as these have convinced me that the Company's making steady progress in shifting onto a growth trajectory. Looking ahead, I think the issue will be how the Company can target crops other than rice to develop its overseas business.

The entire Group must change its mindset

Iwasaki: One of the targets of the Mid-term Management Plan announced in February 2021 was a consolidated operating margin of 5.0% in FY2025. When I look at progress toward meeting this target, it seems to me that it will be extremely difficult to achieve if the Company simply continues its existing initiatives without changing anything. That's why I believe our role as Outside Directors is to call on the executive team to bring about a change of mindset throughout the entire ISEKI Group and pursue selection and concentration across the Group as a whole, encompassing everything including all businesses and products. Then we should closely monitor the resulting process of trial and error.



Taira: I'm very impressed with the various growth strategies described in the Mid-term Management Plan. However—and this is an issue common to many Japanese corporations, which have corporate cultures emphasizing reliability—the Company has a tendency to be slow in getting started on things. First it prepares, then double-checks its preparations, and only once a successful outcome is assured will it take action. The prevailing attitude seems to be that, whatever needs to be done, the correct procedure must be followed to the letter. But sometimes I'd like the Company to just set off into uncharted territory without fear of failure. The rapid progress that results should reveal a path toward achieving the targets of the Mid-term Management Plan.

Tanaka: Personally, I'm not very optimistic about achieving the targets of the Mid-term Management Plan. Nonetheless, looking at current business results, overseas businesses are performing well. As part of the Company's overseas partnership strategy, it's developing the business globally by transferring technology to Tractors and Farm Equipment Limited (TAFE) in India and shifting production of some models to the factories of PT. ISEKI INDONESIA. Measures such as these are progressing steadily in overseas businesses, including those in North America and Europe, enabling the Company's operations as a whole to expand. Such strategies are proving successful: In the Company's overseas businesses, both sales and the profit margin look set to achieve the Mid-term Management Plan's targets ahead of schedule. I believe this is the result of a change in mindset thanks to technological collaboration between the Development & Production Division and the Overseas Business Division. I have high hopes that this sort of positive example will provide the breakthrough necessary for the entire Group to pursue a change of mindset.

Nakayama: Looking at the situation both in Japan and overseas, it's obviously the overseas business that's expanding substantially and offers further growth potential. However, agriculture overseas differs fundamentally from Japanese agriculture in many

Independent Outside Directors roundtable discussion



respects, and Japanese technologies can't simply be used overseas without modification. What's more, there are already corporations in those countries providing agricultural machinery, so ISEKI's products have to be exceptionally appealing to break into those markets. But ISEKI Group does have the technological and product development capabilities it cultivated within Japan, as well as the advantage of overseas markets' trust in Japanese products. What it needs now is a change of mindset toward exploiting such intellectual property to its advantage. And I'm convinced that a virtuous cycle in terms of mindset transformation will emerge when ISEKI achieves sustained success overseas in leveraging its domestically cultivated strengths of accurately identifying local needs and supplying tailored solutions.

Steady progress in governance reform

Taira: Discussions at meetings of the Board of Directors have changed a great deal since Atsushi Iwasaki became Chair in March 2022. Before that, the topics for discussion would include a lot of administrative matters, but now the focus has been narrowed down to topics more closely related to management strategy, and Board meetings are more active as a result. Also, Chair Iwasaki moves things forward by encouraging each Board member to speak, so everybody now has a chance to express their honest opinions and remarks. Another tangible change from my perspective is that the Corporate Planning Department, which acts as the Board's secretariat, has become more exacting in terms of the documents it requires individual departments to produce, and the departments are doing a great job in this regard, leading to more detailed documentation and discussions at Board meetings. The Board also set up new forums for deliberation, such as the ESG Committee and strategy debates, which take the form of free discussions. As a result of these developments, I think governance reform is progressing steadily.

Tanaka: I've been a member of the Company's Board of Directors for a relatively long time, having served as both Outside Audit & Supervisory Board Member and Outside Director. Compared with how it was a few years ago, the Board has clearly evolved in terms of its effectiveness and vitality. This evolution was an effort to break free of the stagnation that ISEKI's corporate culture of diligence and reliability tended to induce. We're rousing the management team to action that will drive the Company forward. As Mami Taira pointed out, the individual departments that prepare documents for Board meetings are producing more effective documentation, and going all out to keep up with this action on the part of the management team. And at the strategy debates held as free discussions after Board of Directors meetings, Board members are debating among themselves without inhibition. At times during these debates, challenging opinions from the perspective of shareholders or the markets come up, and sometimes these result in strategy proposals being rejected. However, I have a strong sense that, as a result of Board members leading the way in demonstrating *henkaku* (Change) and engaging in serious discussion in this way, a change-oriented mindset is permeating among ISEKI's employees, enabling governance reform to progress throughout the entire Group.



Nakayama: As this is only my third year since becoming an Outside Director, I can't make any comparisons with how things used to be, but the Board effectiveness evaluations show that discussions at Board meetings have changed significantly and become very active, so I'm sure that what the two of you say is right. It's certainly true that, given the current discrepancy between the Company's strategic perspectives and Mid-term Management Plan on one hand, and its actual situation on the other, analysis of the reasons for this, and measures to address the issue, come up as agenda items, and are being actively discussed. As an Outside Director,

I'm pushing for the Group to promptly implement measures that arise from such discussions. In this regard, I particularly value the occasions when the managers in charge of individual departments give reports on business execution to the Board of Directors every quarter. By finding out what the executive team are doing, we can ensure transparency in business execution. I want to continue instilling sound governance and a change-oriented mindset through such dialogue, which serves as an indispensable "lifeline" for Outside Directors and Audit & Supervisory Board Members.

Iwasaki: I was looking forward to the results of the Board effectiveness evaluations, as they are also an "achievement rating" for me personally. Fortunately, the evaluations turned out to be good overall, but we must resist the urge to rest on our laurels. The Board reforms I'm implementing incorporate best practices I've seen in other corporations' Boards of Directors. I think things are finally taking shape now that we have advance briefings to help all Directors understand the details of topics for discussion, offline strategy debates following Board of Directors meetings, and opportunities to observe Directors' Operation Committee meetings where topics for discussion are decided. However, we still need to make many more improvements to establish a governance system that's right for ISEKI Group. The key issues with regard to governance reform are whether the Board's supervisory role can be fulfilled effectively during the time available for meetings, and how to ensure that the Board of Directors remains effective. Reform has no end point, but I will continue to aim higher, moving forward one step at a time.

Working with stakeholders to accomplish *henkaku* (Change)

Nakayama: ISEKI Group is a corporate group that facilitates agriculture, a cornerstone of Japan's food security, as well as a listed corporation that is seeking to grow its sales while expanding overseas. As an Outside Director, I'm supporting *henkaku* (Change) throughout the Group so that all ISEKI's stakeholders come to appreciate both of the Group's roles: the social role of taking responsibility for food security and the economic role of growing sales and generating profits.

Taira: From now on, ESG-oriented management and corporate governance will require disclosure regarding active participation by women as one element of diversity and inclusion. ISEKI Group does have a pool of outstanding women, but I get the impression that they have been rather overprotected compared to women in other companies. From now on, I want ISEKI to make a point of giving women opportunities by, for instance, assigning them to key departments and purposely giving them responsibility for projects. I also want the Board of Directors and other decision-making bodies to discuss how to amend the personnel evaluation system and change the mindset of evaluators.

Nakayama: I agree with you; I can see the need to change the current mindset through affirmative action.

Tanaka: Yes, if we're considering the stakeholder perspective, we must remember that employees are stakeholders too. From my own point of view, I'll continue to provide monitoring, oversight, and supervision in my role as Outside Director to enable ISEKI Group to achieve *henkaku* (Change). That change should entail reaffirming the Group's strengths as a manufacturer specializing in agricultural machinery that also has the advantage of reliability, and transforming the Group itself, to achieve the Mid-term Management Plan's targets and fulfill the expectations of shareholders and investors. I intend to do this by driving forward proactive Group compliance, drawing on the perspective acquired in my main occupation as an attorney.

Iwasaki: Fortunately, these days, the Ministry of Economy, Trade and Industry; the Cabinet Office; and other organizations publish all kinds of corporate case studies



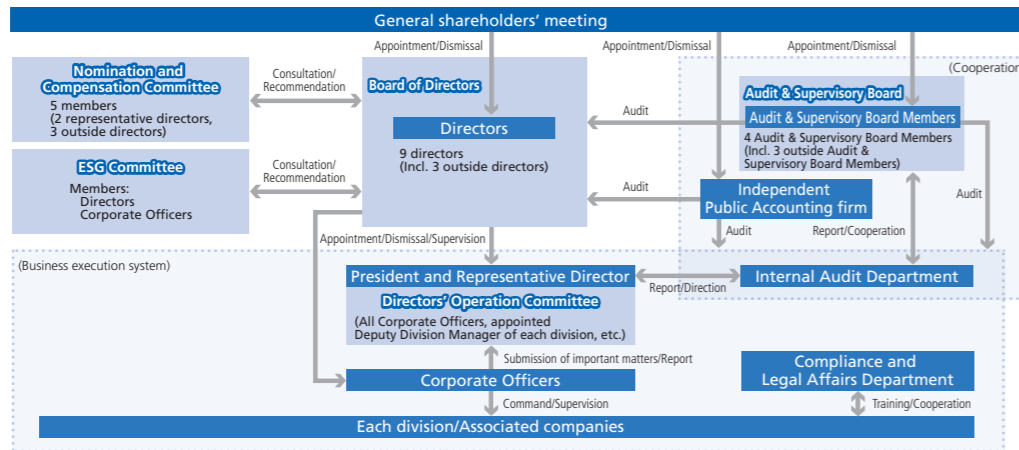
and reports summarizing how we Outside Directors and Audit & Supervisory Board Members should instill sound governance within corporations, and stipulating the key requirements for effective monitoring and supervision when implementing initiatives, especially from a human capital perspective. Every single Board member is making active use of such reports to reinforce corporate governance and to work with stakeholders to accomplish *henkaku* (Change). We're also employing various new concepts for calculating corporate value, such as ROIC spread, as a means of advancing ISEKI's efforts to achieve the final targets of the Mid-term Management Plan and enhance corporate value. As we do so, we would be grateful for the continued support of all ISEKI Group stakeholders.

Corporate governance

Fundamental concept in corporate governance

ISEKI has operated its management system with the purpose of swiftly and accurately responding to changes in the management environment and maintaining fair management. In addition, achieving stable growth and improvement in corporate value over the medium to long term is the top priority of our management. In order to maintain a positive relationship with our stakeholders such as shareholders, customers, suppliers, local communities, and employees, we have endeavored to expand and improve our corporate governance. We acknowledge the importance of establishing an internal system that provides stakeholders with important information in a timely and appropriate manner and reinforcing corporate governance on a group-wide basis. Based on that recognition, we have established administrative rules for group companies and a reporting structure to maintain fair business practices and share information.

Corporate governance system



Board of Directors and Directors' Operation Committee

The Board of Directors consists of nine Directors, of which three are Outside Directors. The Board makes decisions on basic managerial matters, as well as matters specified in laws and regulations and the Articles of Incorporation. To make prompt decisions, regular Board of Directors meetings are held once a month and extraordinary Board of Directors meetings are held as necessary. With regard to business execution, Corporate Officers steadily fulfill their responsibilities for the execution of business they have been made in charge of by the Board of Directors. In principle, the Directors' Operation Committee, which consists of all Corporate Officers, Deputy Division Managers designated by the chairperson, and others, meets twice a month. The Committee shares the latest information, and discusses and receives reports on how we should develop our business, where risks exist, and how we can prevent the risks from manifesting. We thus strive for sound corporate management.

Outside Directors and Outside Audit & Supervisory Board Members

We elect three Outside Directors to incorporate outside perspectives into our management, further strengthen the supervisory function over business execution, and enhance transparency. In addition, three out of our four Audit & Supervisory Board Members are Outside Audit & Supervisory Board Members (of which one is an independent officer), which strengthens supervision over the management.

Audit & Supervisory Board

The Audit & Supervisory Board consists of four Audit & Supervisory Board Members, of which three are Outside Audit & Supervisory Board Members (including one member who is a certified public accountant and certified tax accountant). Audit & Supervisory Board Members attend the Board of Directors meetings and other important meeting bodies. They decide audit policies independently and carry out audits of our offices and Group companies in cooperation with the internal audit department and the Independent Public Accounting firm. In addition, they monitor the management and ensure the effectiveness of corporate governance by strictly checking important agenda items at Directors' Operation Committee and other meetings and the status of business execution by Directors.

Information disclosure to ensure transparency

Our basic policy for information disclosure is to "disclose information properly to fulfill social accountability" and "endeavor to promptly disclose accurate information required from inside or outside of the Group in recognition of the importance of social accountability and thereby become a company with transparency." These are stated in ISEKI Group Code of Ethical Behavior.

To win fair evaluation from all our stakeholders and ensure management transparency, ISEKI Group strives for fair, equitable, timely, and appropriate disclosure of information on the Group's management and other topics, keeping with the purpose and meaning of fair disclosure rules.

Nomination and Compensation Committee

ISEKI has established the Nomination and Compensation Committee, comprised of two Representative Directors and three Independent Outside Directors, as a consultative body of the Board of Directors regarding nomination and compensation of Directors, etc. The Committee deliberates and reports to the Board of Directors on compensation of Directors and Corporate Officers, in addition to matters on nominations, such as proposals of agenda items of general shareholders' meetings regarding appointment and dismissal of Directors, selection and removal of Corporate Officers, and appointment and dismissal of Representative Directors.

Established	December 1, 2018 (the Nomination Advisory Committee was reorganized into the Nomination and Compensation Committee as of March 25, 2020)
Members	Two Representative Directors and three Independent Outside Directors
Chairperson	Independent Outside Director
Roles	(1) Appointment and dismissal of Directors (general shareholders' meeting proposal) (2) Appointment and dismissal of Corporate Officers (3) Selection and removal of Representative Directors (4) Representative Director successor plan (5) Amount of compensation for Directors and Corporate Officers (6) Composition and decision process of compensation for Directors and Corporate Officers (7) Establishment and change of basic policy and criteria for deliberation of each of the above items (8) Other matters recognized by the Board of Directors as necessary in association with each of the above items

ESG Committee

ISEKI has established the ESG Committee, comprised of Directors and Corporate Officers, as a consultative body of the Board of Directors regarding ESG-related issues. It mainly discusses matters related to the enhancement of ESG and submits recommendations to the Board of Directors. Audit & Supervisory Board Members are requested to attend the Committee meetings as observers. We ask for their input as necessary.

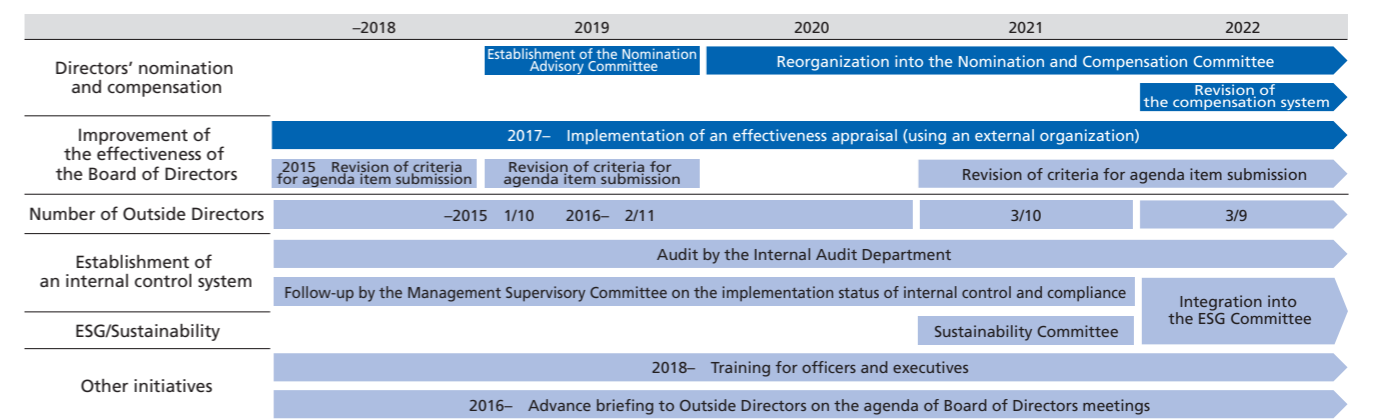
Established	August 10, 2022 (Integrated the functions of the Management Supervisory Committee and the Sustainability Committee)
Members	Directors and Corporate Officers
Chairperson	Independent Outside Director
Roles	(1) Whistle-blower system, measures against scandals, and other compliance-related matters (2) Risk management (3) Information disclosure (4) TCFD and other environmental matters (5) Personnel strategies (6) Establishment and change of basic policy and criteria necessary for deliberation of each of the above items (7) Other matters recognized by the Board of Directors as necessary in association with each of the above items

Attendance to the Board of Directors and other Committee meetings (January to December 2022)

	Shiro Tomiyasu	Hajime Odagiri	Yukio Nawata	Masayuki Fukami	Shuichi Jinno	Kazuya Tani	Atsushi Iwasaki	Shoji Tanaka	Kazuo Nakayama
Board of Directors	20/20	20/20	20/20	20/20	20/20	20/20	20/20	20/20	20/20
Nomination and Compensation Committee	8/8	6/6	-	-	-	-	8/8	8/8	8/8
ESG Committee	5/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5

(Notes) 1. The ESG Committee was established in August 2022.
2. Mr. Hajime Odagiri's attendance to the Nomination and Compensation Committee meetings is based on the number of meetings held after his appointment to a member on March 30, 2022.

History of governance reinforcement



Corporate governance

Directors' compensation system

Since FY2022, the compensation for Directors of the Company consists of basic compensation (money), performance-linked evaluation compensation (money), and newly introduced performance-linked stock-based compensation using trust. The overview of the Directors' compensation system after the revision is as follows.

☑ Basic Policy (Fundamental concept)

Toward the realization of ISEKI's goals/basic business philosophy of contributing to the creation of the prosperous and sustainable society through providing innovative products and higher quality of services to the customers, the management executives are responsible for "transforming" ISEKI Group, leading it to sustainable growth, and striving to improve its corporate value in the medium and long term. To fulfill such responsibilities, the basic policy of our Directors' compensation is to adopt a system which can make the compensation function as a sound incentive, making it clear that compensation of management executives shall be linked to business results including shareholders' value and medium- and long-term results.

Overview of compensation

Compensation	Method of provision	Percentage in total compensation (rough estimate)		Details
		(Internal) Directors	Outside Directors	
Basic compensation	Money	60%	100%	Monthly pay an amount decided in consideration of job responsibility, etc. of each Director.
Performance-linked evaluation compensation	Money	30%	—	Annually pay an amount decided according to a level of performance indicator for each business year, as well as a degree of achievement of indices/targets, etc. set in advance for individual Directors based on management issues.
Performance-linked stock-based compensation	Shares of the Company	10%	—	Compensation based on a stock delivery trust system Deliver shares of the Company, in principle, upon Director's retirement according to the number of points awarded to each Director each business year, based on the share delivery rules provided by the Board of Directors. A certain ratio of shares of the Company are sold in cash and provided as money.

The level of total compensation is determined in consideration of levels in the industry or other similar-sized companies.
A total amount of the basic compensation and the performance-linked evaluation compensation shall be within the range resolved at the 98th Ordinary General Meeting of Shareholders held on March 30, 2022 (no more than 360 million yen per year).
The upper limit of the amount of the performance-linked stock-based compensation shall be within the range resolved at the 98th Ordinary General Meeting of Shareholders held on March 30, 2022 (148 million yen, maximum amount of total cash to be contributed by the Company as the fund to acquire shares of the Company necessary to deliver to Directors (excluding Outside Directors) during the coverage period of four years from the business year ending December 31, 2022 to the business year ending December 31, 2025).

The compensation for individual Directors shall be finalized and resolved at a Board of Directors meeting based on reports from the Nomination and Compensation Committee after deliberation. The Committee is chaired by an Independent Outside Director and mainly composed of Independent Outside Directors. When details of compensation, etc. for individual Directors are determined, the Nomination and Compensation Committee considers multiple matters including consistency with the decision policy. Therefore, the Board of Directors basically respects the report and deems that the details are consistent with the decision policy.

● Audit & Supervisory Board Members' compensation system (Reference)

The upper limit of Audit & Supervisory Board Members' compensation was resolved to be no more than 8 million yen per month at the 85th Ordinary General Meeting of Shareholders held on June 26, 2009. The compensation for individual Audit & Supervisory Board Members is determined through discussion among Audit & Supervisory Board Members.

Toward the improvement of the effectiveness of the Board of Directors

To further facilitate the roles of the Board of Directors, ISEKI has implemented a self-appraisal and analysis program for individual senior officers since 2017. The appraisal is done through a third-party organization, adopting methods for canvassing personalized opinions with individual questionnaires and individual interviews for all Directors and Audit & Supervisory Board Members.

[Target]

All Directors and Audit & Supervisory Board Members

[Methodology of questionnaire]

Anonymous survey

[Methodology of interview]

Individual interview to targeted subjects by a third-party organization

[Main items for appraisal]

- Members and operation of Board of Directors meetings
- Support system for Directors and Audit & Supervisory Board Members
- Training
- Dialogue with shareholders (investors)
- Own efforts

[Efforts for analysis of results and solution of issues]

- Analysis of the results of questionnaires and interviews at a third-party organization
- Debriefing sessions organized by a third-party organization
- Development and implementation of the action plan for identified issues toward a solution

2020

Issues

- Following through the progress of the Management Plan
- Formulation and operation of succession planning of the Chief Executive Officer (CEO), etc.

Initiatives toward a solution

- The Board of Directors traces priority measures in the Mid-term Management Plan.
- Formulation of succession planning for President

2021

Issues

- Following through the progress of the Management Plan
- Supervision of investment plans for human capital and intellectual properties to be consistent with the management strategies

Initiatives toward a solution

- The Board of Directors traces priority measures in the Mid-term Management Plan.
- Revision of the Directors' compensation system
- Holding free discussions on human capital and intellectual property

2022

Issues

- Following through the progress of the Management Plan
- Supervision of investment in human capital and efforts to work on labor and human rights issues

Initiatives toward a solution

- To be implemented in FY2023

➤ Initiatives toward improvement of effectiveness

2019

Issues

- Devising ways to have more strategic discussions at the Board of Directors meetings
- Improvement of objectivity and transparency of the Directors' compensation system and process




Initiatives toward a solution

- Holding free discussion on selected themes after the Board of Directors meetings
- Main discussion themes
 - Overall framework of the new Mid-term Management Plan
 - Aggregate result of the opinions of young employees, and report of the analysis of training sessions for officers and executives





List of officers

(As of March 31, 2023)

Directors		Corporate management/ Management strategy	Finance	Sales/ Marketing	Overseas businesses	Development and manufacturing	Compliance/ Legal affairs/ Audit	ESG/ Sustainability	Personnel	IT/ Data
	Shiro Tomiyasu Representative Director President & Executive Officer	Apr. 1980 Joined The Dai-ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.) Apr. 2011 Managing Executive Officer, Mizuho Bank, Ltd. Jun. 2015 Advisor, Chuo Fudosan Co., Ltd. Jan. 2016 Advisor of the Company Mar. 2016 Director & Senior Corporate Executive Officer of the Company Assistant to President of the Company Responsible for Corporate Planning Department of the Company Responsible for Public & Investor Relations Section of the Company Responsible for Personnel Department of the Company In charge of Financial Department of the Company Jan. 2017 Director & Vice President Executive Officer of the Company In charge of Corporate Planning Department and Public & Investor Relations Section of the Company Mar. 2019 Representative Director, President & Executive Officer of the Company (to present)	●	●				●		
	Hajime Odagiri Representative Director & Senior Corporate Executive Officer	Apr. 1987 Joined ISEKI & CO., LTD. Nov. 2008 General Manager, Vegetable Machinery Engineering Department of the Company Dec. 2010 Senior General Manager, Agri-Implements Department of the Company Jun. 2014 President, Iseki-Changzhou Mfg. Co., Ltd. Sales Branch Office Jan. 2016 Corporate Officer and Deputy Division Manager, Business Division of the Company Mar. 2016 Representative Director & President, ISEKI Hokkaido Co., Ltd. Jul. 2018 Chairman & President, Dongfeng Iseki Agricultural Machinery Co., Ltd. Jan. 2019 Senior Corporate Officer of the Company Jan. 2020 General Division Manager, Development & Production Division of the Company (to present) Mar. 2020 Director & Senior Corporate Officer of the Company Mar. 2022 Representative Director & Senior Corporate Executive Officer of the Company (to present)	●	●	●	●		●		●
	Yukio Nawata Director & Senior Corporate Officer	Sep. 1984 Joined ISEKI & CO., LTD. Dec. 2007 General Manager, Regional Sales Department of the Company Jul. 2008 Director and General Manager, Sales Promotion Department, Iseki-Tohoku Co., Ltd. Jul. 2010 General Manager, Sales Planning Department of the Company Oct. 2010 Deputy Division Manager, Business Division of the Company Jan. 2015 Representative Director & President, ISEKI-Kanto Co., Ltd. Jul. 2015 Corporate Officer of the Company Jan. 2018 Senior Corporate Officer of the Company General Division Manager, Business Division of the Company (to present) Mar. 2018 Director & Senior Corporate Officer of the Company (to present)		●	●					●
	Masayuki Fukami Director & Senior Corporate Officer	Apr. 1985 Joined ISEKI & CO., LTD. Dec. 2004 General Manager, Kanto Sales Department of the Company Jan. 2007 Representative Director & President, Ibaraki ISEKI Sales Co., Ltd. Dec. 2008 Executive Managing Director, ISEKI Chugoku Co., Ltd. Jan. 2011 Executive Managing Director, ISEKI Kyushu Co., Ltd. Dec. 2011 Representative Director & President, ISEKI Kyushu Co., Ltd. Jul. 2015 Corporate Officer of the Company Jan. 2019 Senior Corporate Officer of the Company Mar. 2019 Director & Senior Corporate Officer of the Company (to present) Apr. 2019 In charge of Personnel Department of the Company Deputy in charge of Corporate Planning Department and Public & Investor Relations Section of the Company Deputy in charge of Compliance of the Company (to present) Jan. 2022 In charge of Personnel, Corporate Planning, and Investor Relations of the Company (to present)		●			●	●	●	
	Shuichi Jino Director & Senior Corporate Officer	Apr. 1985 Joined ISEKI & CO., LTD. Apr. 2008 General Manager, Office Automation Department of the Company Dec. 2011 General Manager, Public & Investor Relations Section of the Company Oct. 2013 General Manager, Personnel Department of the Company Jun. 2015 Director & Corporate Officer of the Company In charge of Personnel Department of the Company In charge of Compliance of the Company Mar. 2016 In charge of Office Automation Department of the Company Jan. 2017 Deputy in charge of Compliance of the Company Dec. 2018 In charge of IT Planning Department of the Company Apr. 2019 Deputy in charge of Financial Department of the Company Jan. 2022 In charge of Finance, IT Planning, Operation Efficiency Improvement of the Company Aug. 2022 In charge of Finance, IT Planning of the Company (to present) Jan. 2023 Senior Corporate Officer of the Company (to present)	●				●		●	●
	Kazuya Tani Director & Corporate Officer	Apr. 1992 Joined ISEKI & CO., LTD. Apr. 2009 Representative Director & President, N.V. ISEKI EUROPE S.A. Jan. 2015 Representative Director & President, ISEKI France S.A.S. Oct. 2017 General Manager, Overseas Business Control Department and General Manager, Europe Sales & Marketing Department of the Company Jan. 2020 Corporate Officer of the Company General Division Manager, Overseas Business Division of the Company (to present) Mar. 2020 Director & Corporate Officer of the Company (to present)		●	●					

Outside Directors		Corporate management/ Management strategy	Finance	Sales/ Marketing	Overseas businesses	Development and manufacturing	Compliance/ Legal affairs/ Audit	ESG/ Sustainability	Personnel	IT/ Data
	Atsushi Iwasaki Director [Significant concurrent position] Certified public accountant Outside Independent	Nov. 1990 Joined Century Audit Corporation (currently Ernst & Young ShinNihon LLC) Mar. 1991 Registered as a certified public accountant Mar. 1997 Registered as a real estate appraiser Aug. 2005 Retired from Shin Nihon & Co. (currently Ernst & Young ShinNihon LLC) Sep. 2005 President, Iwasaki Certified Public Accountant Office (to present) Jun. 2013 Director of the Company (to present) Jun. 2015 Outside Audit & Supervisory Board Member, NH Foods Ltd. Jun. 2016 Outside Audit & Supervisory Board Member, OLYMPUS CORPORATION Jun. 2019 Outside Director, NH Foods Ltd. Jun. 2022 Resigned as Outside Director, OLYMPUS CORPORATION	●	●				●		
	Shoji Tanaka Director [Significant concurrent position] Attorney Outside Independent	Apr. 1998 Entered the Legal Training and Research Institute, Supreme Court of Japan Mar. 2000 Graduated from the Legal Training and Research Institute, Supreme Court of Japan Apr. 2000 Registered as an attorney (Joined Tokyo Bar Association) Joined Ginzadori Law Office Jun. 2010 Outside Audit & Supervisory Board Member of the Company Mar. 2016 Director of the Company (to present) Mar. 2018 Representative, Chuo-dori Law Office (to present)						●		
	Kazuo Nakayama Director [Significant concurrent position] — Outside Independent	Apr. 1980 Joined MITSUI & CO., LTD. Apr. 2006 General Manager of Planning & Administrative Division, Infrastructure Projects Business Unit, MITSUI & CO., LTD. Jun. 2008 Chief Administrative Officer of Asia Pacific Business Unit, MITSUI & CO., LTD. and SVP, Mitsui & Co.(Asia Pacific) Pte. Ltd. (in Singapore) Apr. 2012 Managing Officer, Chief Operating Officer of Food Resources Business Unit, MITSUI & CO., LTD. Apr. 2014 Executive Managing Officer; Chief Operating Officer of Food Resources Business Unit, MITSUI & CO., LTD. Jun. 2015 Representative Director, and Executive Vice President, JA MITSUI LEASING, LTD. Jun. 2020 Advisor, JA MITSUI LEASING, LTD. Jan. 2021 Resigned from JA MITSUI LEASING, LTD. Mar. 2021 Director of the Company (to present)	●	●	●					

Audit & Supervisory Board Members

	Yukito Shiraishi Full-time Audit & Supervisory Board Member Reason for appointment He has advanced knowledge and extensive experience in the areas of agriculture, forestry and fisheries in general as well as in the areas of audit and internal control. Accordingly, as the Company believed that he would appropriately audit the performance of duties by Directors, he has been appointed as Outside Audit & Supervisory Board Member. Outside		Masato Machida Full-time Audit & Supervisory Board Member Reason for appointment He has advanced knowledge, having experienced in various fields of corporate planning, information systems, development and manufacturing. Accordingly, as the Company believed that he would appropriately audit the performance of duties by Directors, he has been appointed as Audit & Supervisory Board Member.
	Yasuji Fujita Full-time Audit & Supervisory Board Member Reason for appointment He has extensive experience and a wide range of insight including expertise in finance cultivated through his many years of work at a financial institution. Accordingly, as the Company believed that he would appropriately audit the performance of duties by Directors, he has been appointed as Outside Audit & Supervisory Board Member. Outside		Mami Taira Audit & Supervisory Board Member Reason for appointment She has specialized knowledge and extensive experience related to accounting and tax practices as a certified public accountant and certified tax accountant. Accordingly, as the Company believed that she would appropriately audit the performance of duties by Directors, she has been appointed as Outside Audit & Supervisory Board Member. [Significant concurrent positions] Certified public accountant, Certified tax accountant, Outside Director & Audit and Supervisory Committee Member, Suzuden Corporation and External Director and Audit & Supervisory Committee Member, FOOD & LIFE COMPANIES LTD. Outside Independent

Risk management

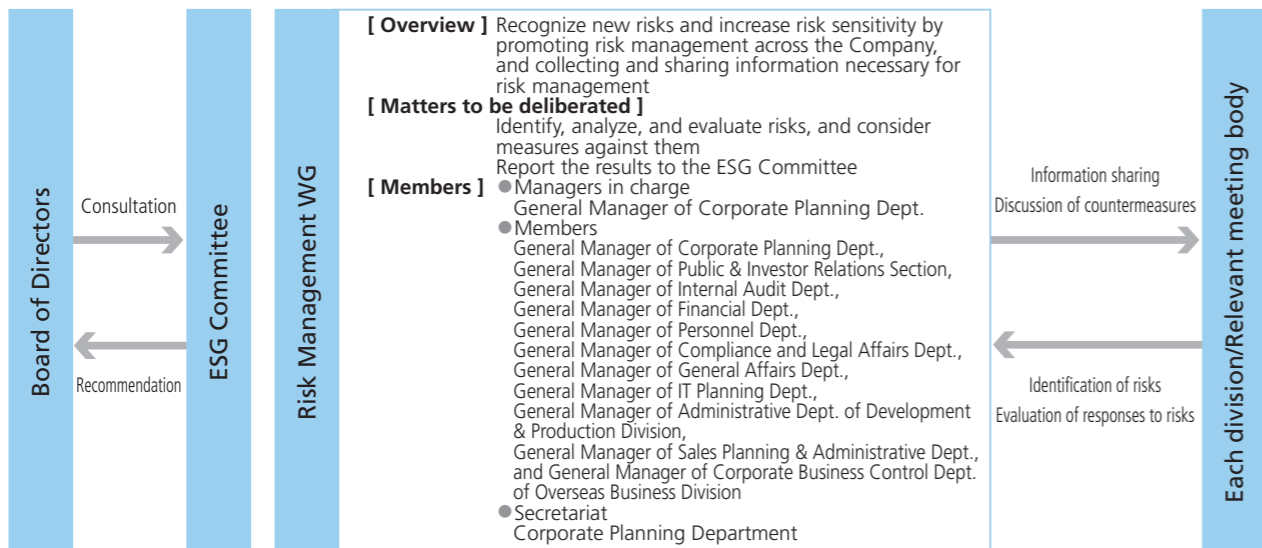
Basic Policy (Fundamental concept)

- Our risk management regulations define factors potentially leading to physical, economic and reputational losses and disadvantages as risks. The aim of our risk management is to prevent risks from manifesting and minimize losses, and to contribute to smooth business operations, soundness of assets and maintenance of corporate credit.
- We identify and evaluate risks surrounding the Group and take appropriate measures, such as putting in place management standards and regulations, as well as monitoring and response mechanisms.

Risk management system

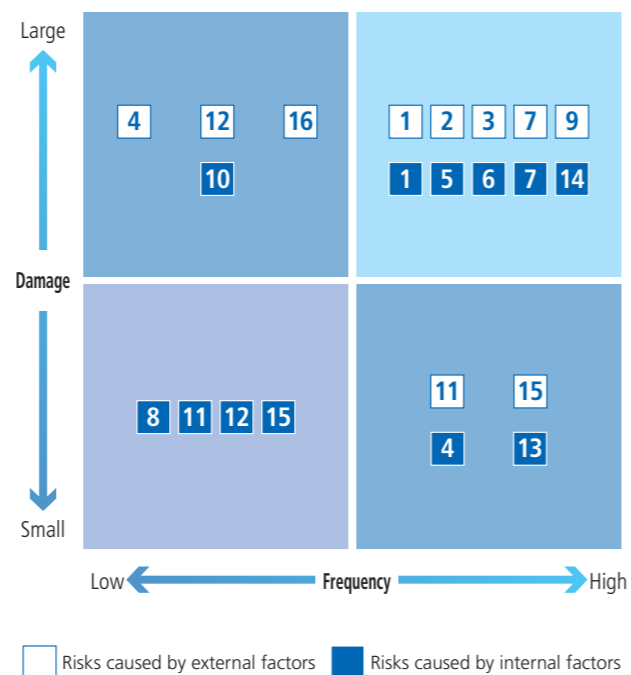
The Risk Management Working Group (WG) for promoting ESG periodically identifies and evaluates risks, reevaluates magnitude of damage and frequency of occurrence, and examines countermeasures to foreseeable risks, in accordance with the risk management regulations to minimize the risk of causing damage or disadvantage to ISEKI Group under the supervision of Corporate Planning Department.

Risk management system diagram



Risk mapping

ISEKI manages risks by dividing them by cause, either external factors or internal factors, and then classifying by the magnitude of damage when risks become obvious and the potential frequency of occurrence. Note that the risk mapping chart indicates the maximum risks.



Typical risks and mitigation measures

Major risks that could affect ISEKI Group's future financial performance are shown on p.78. We recognize the possibility of the occurrence of such risks and will strive to avoid their occurrence and take proper measures should they occur.

Risk item	Risk description	Response to risks
1 Changes in economic conditions and the environment of agriculture	<ul style="list-style-type: none"> ● Risks unique to the agricultural machinery market ● Aging of agricultural workforce ● Decreasing number of farm households due to labor shortage ● Weakening of purchasing sentiment due to price volatility of agricultural products ● Reduced demand for agricultural machinery due to weak economy 	<ul style="list-style-type: none"> ● Build sales network and formulate strategies while anticipating changes in the market ● Divide prefecture-based sales areas into blocks and optimally allocate business bases and personnel within the blocks ● Establish core bases within the blocks to deal with large-scale farmers ● Keep pace with the government's Strategy for Sustainable Food Systems, MIDORI ● Propose solutions for farm business, as well as new products that contribute to the introduction of organic agriculture
2 Exchange rate fluctuations	<ul style="list-style-type: none"> ● Appreciation of Japanese yen resulting in decreased price competitiveness of export products ● Influence of exchange rate fluctuations in converting financial statements of our foreign subsidiaries to Japanese yen 	<ul style="list-style-type: none"> ● Conduct export transactions in both foreign currencies and Japanese yen ● Procure raw materials and parts from overseas ● Mitigate short-term risks by taking advantage of buying forward contracts
3 A price hike of raw materials, difficulty in procurement, and confusion in the supply chain	<ul style="list-style-type: none"> ● Risks associated with procurement from suppliers ● Higher manufacturing costs due rapid increases in procurement prices ● Decreased production caused by prolonged tightening of supplies ● Undermined trust in and reputation of our products caused by supplied goods ● Risk of delayed shipment in shipment and transportation of products ● Shortage of shipping containers and trucks 	<ul style="list-style-type: none"> ● Pass on soaring raw material prices to product prices ● Use multiple suppliers in both procurement and shipment, and ensure multiple transportation means, etc. ● Conduct supplier credit checks, as well as CSR procurement questionnaires that include items on respect for human rights ● Order early and secure sufficient inventories when the supply of parts, etc. are expected to be delayed
4 Dependency on specific customers or suppliers	<ul style="list-style-type: none"> ● Change of business policy, business depression or bankruptcy of our specific customers or suppliers 	<ul style="list-style-type: none"> ● Keep stable partnership and sustain sound partnership through the following measures ● Communicate regularly with suppliers ● Strengthen top-level relationship
5 Competition with other companies	<ul style="list-style-type: none"> ● Risk of losing competitive advantage against competitors in obtaining intellectual property rights in Japan and competing in other matters ● Develop products with high functionality and in compliance with smart agriculture ● Reduce prices following the decreased demand for decreases in agricultural materials ● Risk of losing competitive advantage in responding to changes in the business environment, such as diversifying needs and increasing environmental awareness in overseas countries 	<ul style="list-style-type: none"> ● Add higher value in Japan to maintain competitiveness and obtain intellectual property ● Propose solutions along with selling products ● Increase future-oriented development themes, such as ICT, automation, and other themes related to smart agriculture, as well as themes that contribute to carbon neutrality ● Increase presence in overseas markets ● Launch electrification products for the European market ● Supply large-sized products and products equipped with cutting-edge technology to East Asia, where market characteristics are similar to those in Japan
6 Serious defects in products and services	<ul style="list-style-type: none"> ● Claim for a large amount of damages, etc. caused by our services or products developed and manufactured by us ● Occurrence of serious defects ● Loss of trust in the Group and our products 	<ul style="list-style-type: none"> ● Establish quality control and quality guarantee systems to offer products that satisfy customers ● Strictly adhere to set processes, such as the process to decide whether to move on to the next stage for commercialization (design review) ● Carry product liability insurance, etc.
7 Stock market fluctuation, Price decline in land and other fixed assets	<ul style="list-style-type: none"> ● Impairment loss, loss on valuation, or loss on sale associated with significant decline in stock and land prices ● Decline in profitability associated with significant deterioration of business environment, or impairment loss caused by market price decline, in relation to other fixed assets owned by the Group 	<ul style="list-style-type: none"> ● Reassess the significance of cross-holding of shares every year at the Board of Directors' meetings, based on the risks and benefits of holding each stock ● Handle land and other fixed assets properly ● Promote structural reforms in both manufacturing and sales (manufacturing: establish an optimal production system, taking facilities and features into account; sales: improve the revenue-expenditure structure) ● Keep track of the progress of the above measures at departments in charge of performance management, and discuss countermeasures if an incident that leads to declined profitability is detected
8 Government regulations on environmental issues, etc., and occurrence of related difficulties	<ul style="list-style-type: none"> ● Cost burdens in case of escalated public regulations of environmental issues or market demand in Japan and overseas ● Correctional measures undertaken against environmental issues, lawsuits, and other troubles 	<ul style="list-style-type: none"> ● Reduce environmental burden of business activities ● Production: Monitor regulated substances and other data on environmental burden, and engage in production activities that contribute to the reduction of environmental burden ● Other than production: Promote the sale of eco-products, which contribute to the reduction of environmental burden ● Properly handle waste at consolidated subsidiaries in Japan and overseas, in accordance with laws and regulations
9 Risks derived from international business	<ul style="list-style-type: none"> ● Risk of hampered product supply due to restrictions on the supply chain and production and sales activities ● Unexpected changes in each country's tax systems, laws and regulations, and trade policies ● Conflict over Taiwan, in Ukraine, etc. ● Risks that hinder business development mainly in Asia ● Immature level of technologies ● Unstable labor-management relationships 	<ul style="list-style-type: none"> ● Collect and analyze the following information from local subsidiaries and share and review such information with concerned parties ● Each country's employment situation, as well as changes in their tax systems, laws and regulations, and trade policies ● Media coverage and government directives concerning geopolitical risks ● Review operation forms and supply chains as necessary, based on the information obtained through the above channels and the results of analysis of such information
10 Risk of legal violation	<ul style="list-style-type: none"> ● Loss of ISEKI Group's credibility and impediment to its business activities if any of executives or employees of the Group should conduct any acts that violate laws and regulations 	<ul style="list-style-type: none"> ● Ensure thorough compliance by formulating ISEKI Group Code of Ethical Behavior ● Ensure and strengthen compliance ● Ensure overall management by Director in charge of Compliance ● Promote and follow up on initiatives under the leadership of the Compliance WG ● Establish relevant systems, such as the group-wide whistle-blower system (Ethical Hotline) and internal and external third-party help desks
11 Risk of natural disasters, unexpected accidents, spread of infectious disease, etc.	<ul style="list-style-type: none"> ● Risks that directly or indirectly affect ISEKI Group's business activities ● Natural disasters including earthquakes, typhoons, and floods ● Unexpected accidents ● Outbreak of infectious diseases 	<ul style="list-style-type: none"> ● Diversify risks associated with natural disasters and establish business continuity plans ● Take out various insurance against fire, wind and flood damage ● Continue to discuss support and alternative ways to carry on with important operations ● Establish a response headquarters led by the President, collect information, and give instructions promptly, if a contingency occurs ● Prevent the spread of COVID-19 and reduce its impact on business activities ● Adopt flexible workstyles, such as working from home and staggered attendance ● Take advantage of the internet for meetings and event administration
12 Business alliances, joint ventures and strategic investment with other companies	<ul style="list-style-type: none"> ● Risk of the occurrence of a conflict of interest between the parties concerned in business alliances or joint ventures, hindering the maintenance of the alliances ● Risk of not obtaining the expected results and/or effects or needing more-than-expected time and expenses with regard to strategic investment including acquisitions 	<ul style="list-style-type: none"> ● Ensure close cooperation at each level, from the top management to the working level ● Deliberate and discuss in proceeding with business alliances, investment, and lending ● Deliberate at the Board of Directors and Directors' Operation Committee meetings ● Discuss measures to minimize the financial impact when intended effects are considered unlikely to be achieved
13 Debt	<ul style="list-style-type: none"> ● Increased borrowing costs due to a hike in interest rate ● Obligation to pay back loans early if financial covenants in contracts with financial institutions are triggered 	<ul style="list-style-type: none"> ● Reduce interest-bearing debt ● Enhance the capability to create cash flows by improving profitability and reducing inventories ● Securitize credits to diversify financing methods ● Prepare for rapid fluctuation of interest rates ● Combine various loan conditions such as fixed interest rates
14 Ensuring of human resources, shortage of human resources	<ul style="list-style-type: none"> ● Decrease in the Group's competitiveness due to failure in securing and developing human resources necessary for business 	<ul style="list-style-type: none"> ● Recruit and develop human resources ● Strengthen mid-career recruitment and introduce referral recruitment and a return-to-job system ● Strengthen programs to develop global talent, human resources for DX, etc., in line with business strategy ● Create a sound, employee-friendly workplace environment ● Enhance employee engagement by using the talent management system ● Offer various training programs, featuring such topics as compliance, human rights, and the SDGs
15 Information security	<ul style="list-style-type: none"> ● Stagnation of operations and decline in credibility due to information leakage or system halt/breakage, etc. caused by the following incidents ● Unauthorized access due to cyberattack ● Computer virus infection 	<ul style="list-style-type: none"> ● Continuously improve the information security management system ● Establish management regulations (electronic information security, management of information infrastructure) ● Enhance security measures by using a data center and cloud service ● Use a service that monitors unauthorized external access ● Take out cyber insurance to prepare for contingencies
16 Climate change	<ul style="list-style-type: none"> ● Changes in supply and demand arising from changes in system of crops and a reduction in agricultural land, as well as impacts on the Group's overall business activities including product lineup and sales volume ● Scenario where temperature rise is limited to below 2°C ● Increase in operation costs due to stricter regulations imposed by the government, etc. ● Increase in procurement costs due to the progress in decarbonization ● Loss of business opportunities due to failure to meet the demand associated with decarbonization ● Scenario where temperature rise is 4°C ● Damage to production and sales bases, including supply chains, due to intensifying typhoon and flood damage ● Decrease in demand for agricultural machinery for rice farming, in response to deterioration in rice quality and decline in the area of land available for rice production 	<ul style="list-style-type: none"> ● Take the following measures under the 2°C scenario [Impact reduction] - Utilize renewable energy, such as solar power ● Power boilers with waste heat from in-house power generation facilities ● Electrify agricultural machinery ● Introduce smart agricultural machinery and robotic agricultural machinery that improve the efficiency of farm work ● Promote farming methods that contribute to the reduction of methane emissions from rice paddies ● Take the following measures under the 4°C scenario [Impact reduction] - Continuously review business continuity plans ● Review product lineup and sales channels ● Introduce technology to replace agricultural work with robotic agricultural machinery ● Perform autonomous analysis of weather data and growth data using AI

Compliance

Basic Policy (Fundamental concept)

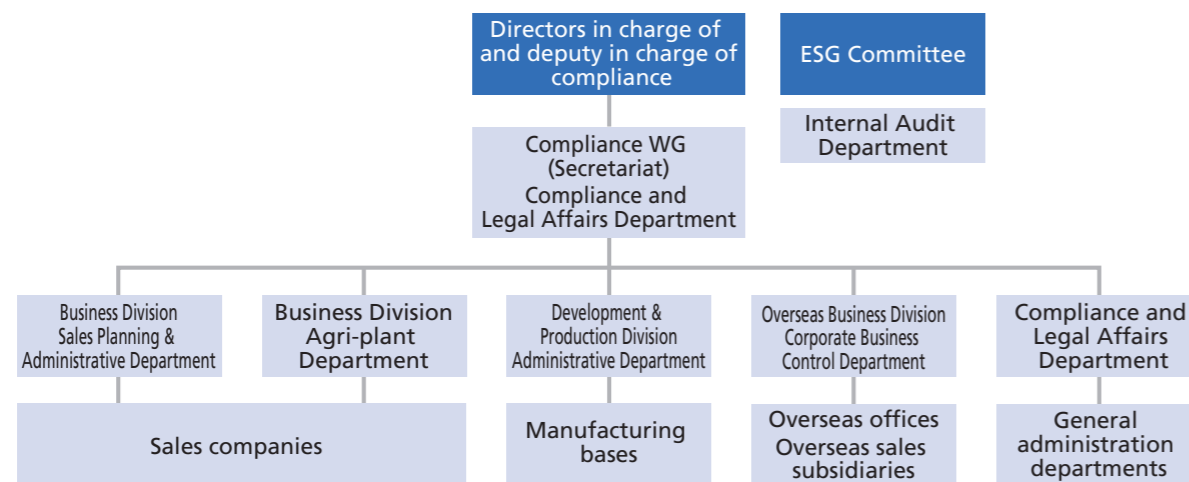
- ISEKI Group will ensure thorough compliance of each employee to promote healthy and transparent management.

Compliance system

To prevent misconduct and scandals from occurring, ISEKI Group ensures thorough compliance under the leadership of the Compliance Working Group (WG), which consists of departments in charge of the overall management of each division. The Director in charge of Compliance is responsible for the overall management of the WG. In January 2023, we set up the Compliance and Legal Affairs Department, which ensures that Group employees maintain and enhance awareness toward ethics and accelerates overall compliance activities. The Department

also administers and promotes the Compliance WG as the secretariat.

Monthly reports on compliance activities are made to the ESG Committee, which is comprised of Directors and Corporate Officers and chaired by an Independent Outside Director. In addition, the Internal Audit Department audits the status of compliance activities and reports the results to the Board of Directors, the President and Representative Director, Outside Directors, and Audit & Supervisory Board Members.



Education and awareness-raising

To raise awareness of each individual employee toward compliance, ISEKI Group is implementing various training programs and awareness-raising activities for employees in a planned way.

Activities for enlightenment

<Activities for penetration and education on compliance>

- **Ensuring of thorough understanding of the "ISEKI Group Code of Ethical Behavior"**
The Company has distributed the "ISEKI Group Code of Ethical Behavior" to all employees of the Group and works to ensure that all business activities meet corporate ethical requirements.
- **Awareness-raising by issuing "Compliance News"**
As a means to provide information regarding compliance, the Company issues the quarterly "Compliance News" bulletin. With a focus on priority compliance initiatives, it contains information such as messages from the management team and examples of practical measures undertaken by employees. We thus work to raise compliance awareness among employees.

Training activities

Every year, the Company carries out a wide range of education and training programs concerning compliance themes in the day-to-day conduct of business affairs, especially on points warranting special attention.

- **Incorporation into company-wide events and educational training programs**
 - Sales subsidiary president meetings
 - Manager meetings
 - Executive training
 - Newly-appointed manager training
 - Newly-hired employee training
- **Individual training programs**
 - Sales subsidiary employee meetings of sales departments
 - Facility personnel training of facility departments
 - Specialized employee training of development departments

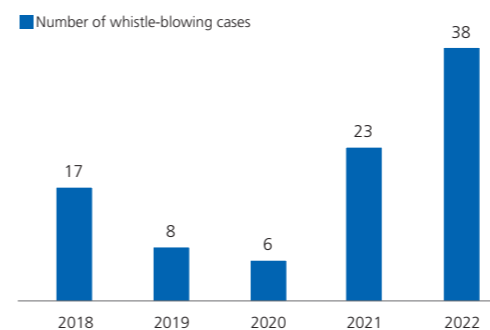
Examples of initiatives undertaken

Whistle-blower system

ISEKI Group has set up a group-wide whistle-blower system (Ethical Hotline) for the use of all employees, retirees and suppliers. The aim is to enable early detection of problems within the Company and minimize the crisis caused by corporate scandals. In addition to an internal help desk, an external third-party help desk independent from management executives has been set up, in light of the purposes of the Corporate Governance Code. The third-party help desk is available for whistle-blower reports in Thai and Indonesian, in addition to English and Chinese.

In FY2022, the system handled 38 cases. All cases were appropriately responded, and their summaries have been reported to the ESG Committee, with consideration given to the protection of whistle-blowers and privacy of relevant parties.

Number of whistle-blowing cases



Initiatives for fair trade and prevention of corruption

ISEKI Group ensures that all Group employees have a fair and equitable relationship with suppliers, which is set out in ISEKI Group Code of Ethical Behavior.

In relation to a series of procedures for fair transactions of products and services at sales subsidiaries in Japan, ISEKI Group has established and appropriately operated "Sales Administrative Rules."

In addition, we have formulated conduct guidelines and a manual for compliance with the Anti-Monopoly Act and educated our employees on the Subcontract Act, thereby thoroughly ensuring fair and equitable transactions as the entire Group.

Furthermore, the Basic Rules on the Prevention of Bribery Involving Foreign Public Officers, etc. have been established to prevent corruption involving foreign public officers, etc. and ensure fair transactions. We work to ensure thorough compliance with the Rules mainly at overseas bases and overseas Group companies. In FY2022, ISEKI was subject to no legal action due to corrupt practices.

Initiatives to eliminate anti-social forces

The ISEKI Group Code of Ethical Behavior sets out that the Group will not have any relationship whatsoever with anti-social forces. To fulfill our social responsibilities for ensuring sound business operations and eliminating anti-social forces, we have established the Rules for Response to Anti-Social Forces. Under the leadership of Representative Directors, we are working on the creation and enhancement of relevant internal systems in cooperation with external specialized institutions.

Furthermore, we set out specific procedures in the Anti-Social Forces Response Manual and offer in-house education programs to ensure that our officers and employees can respond properly to anti-social forces.

Initiatives for protecting personal information

To ensure proper handling of personal information, ISEKI Group has established and published the "Personal Information Protection Policy." To prevent leakage of and damage to personal information, the Personal Information Handling Regulations sets out specific ways to handle personal information, as well as the establishment of appropriate measures for safe management. We strive for appropriate management of personal information by ensuring thorough compliance with relevant rules through periodic education and awareness-raising for officers and employees.

Being aware of the importance of the protection of personal information, we will keep providing relevant information to officers and employees and working to strengthen the protection of personal information both in Japan and abroad.

Electronic information security

With regard to electronic information security management, administrative departments that handle system information strive to prevent information leakage, in accordance with the Rules on Electronic Information Security Management. The IT planning department preemptively reviews the systems and facilities to be introduced by administrative departments to ensure that they do not have any security issues.

In addition, we have set up the Electronic Information Security Management Committee led by an Officer in charge of IT Planning to set policies and directions concerning electronic information security management. If an issue arises in relation to electronic information security management, the Committee deliberates on how to respond and make reports to company executives.

As countermeasures against cyberattacks that take increasingly diverse and sophisticated forms, we have also adopted a new service that constantly monitors unauthorized external access, thereby strengthening the information security management system.