

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.

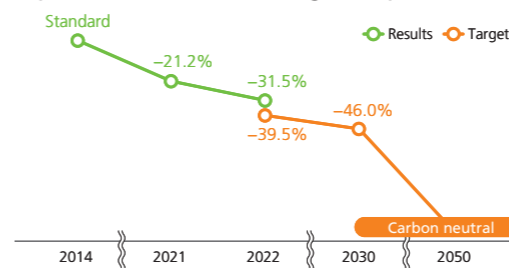


Mid- to long-term environmental targets and results

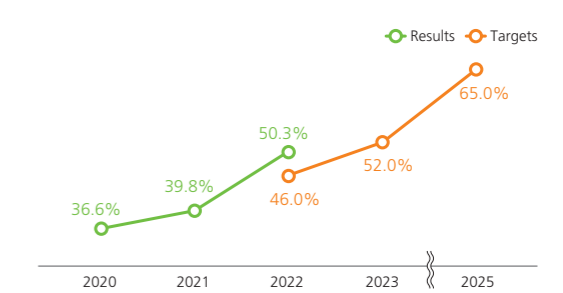
Mid- to long-term environmental targets (2022-)



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.

