



Iseki Group CSR Procurement Guidelines

(2nd edition)

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ISEKI & CO., LTD.



<Introduction>

For the purpose of "Contributing to the realization of a prosperous and sustainable society" through agricultural machinery, the Iseki Group promotes initiatives for corporate social responsibility (CSR).

Since its establishment in 1926, Iseki has worked to modernize Japan's agriculture as a specialized manufacturer of agricultural machinery, based on the founder Kunisaburo Iseki's philosophy of "Aiming to free farmers from hard labor" and "Offering products that satisfy customers". Considering the world's population growth and food problems, the food self-sufficiency rate, national land conservation, and global environmental problems, agriculture will play a major role and the social mission of agricultural machinery manufacturers will become increasingly important.

In the ISEKI Group, in order to fulfill our social responsibility together with our business partners across the entire supply chain, we have established the "CSR Procurement Guidelines" in 2018 in light of recent trends and requests from the international community. The Iseki Group will continue to work with our business partners on CSR procurement with the aim of achieving sustainable growth and increasing corporate value. We appreciate your understanding and cooperation.

The Iseki Group's CSR activities have just begun. We look forward to the guidance, support, and cooperation of our business partners in promoting CSR procurement that takes advantage of the strengths of the Iseki Group.

[Structure and positioning of the CSR Procurement Guidelines]

The Guidelines consist of "CSR of the Iseki Group", "CSR Procurement Policy", "CSR Procurement Guidelines" and "Green Procurement Guidelines".

[1] CSR of the Iseki Group

- This section presents the basic philosophy of the Iseki Group's CSR (corporate social responsibility).

[2] CSR Procurement Policy

- This is a policy for the Iseki Group to observe in its procurement activities and promote CSR procurement.

[3] CSR Procurement Guidelines

- Basic matters for promoting CSR procurement with our business partners. We would like our business partners to understand them.

[4] Green Procurement Guidelines

- Basic matters for promoting Green procurement. It complements the contents of "4. Environmental conservation and green procurement" in the CSR Procurement Guidelines.

[5] Implementation of the CSR / Environmental Management Evaluation Sheet

- This section explains how to use the CSR / Environmental Management Evaluation Sheet based on the status of our business partners' efforts, questionnaire surveys and evaluation operations.

[6] Revision history

[1] CSR of the Iseki Group

1. We will contribute to the realization of a prosperous and sustainable society.

- Contribute to agriculture in Japan and around the world
- Contribute to a recycling-oriented society

2. We will solve social issues through our business and strive to increase corporate value.

- Establish a strong position in both domestic and overseas markets
- Promote human resource development (Human resource development and utilization of diverse human resources)

■ Management philosophy and basic approach to CSR

<The Spirit of Iseki: The Founder's Philosophy>

"Aiming to free farmers from hard labor"

The founder, Kunisaburo Iseki, worked to further develop agriculture by reducing labor through mechanization of harsh agricultural work that uses manual labor and animal power.

Our founder's commitment to providing products that satisfy customers continues today as the "The Spirit of Iseki".

<Mission Statement>

Our management philosophy is

1. Offering products that satisfy customers,
2. Providing employees with a stable workplace, and
3. Providing shareholders with appropriate dividends, thereby fulfilling our social mission

<Iseki Group Code of Conduct>

In order to fulfill our responsibility as a member of society and to aim for development integrated with society, we have established the <Basic Philosophy> which is common sense and basic to be observed by all members of the Iseki Group, and the <Iseki Group Code of Conduct> which consists of more concrete "Code of Conduct", as the basis of our daily activities.

<Basic Philosophy>

1. Comply with laws and regulations
2. Respect fundamental human rights
3. Respect social decency
4. Disclose information appropriately and fulfill social accountability
5. Work to protect the environment

[2] CSR Procurement Policy

The Iseki Group strives to be a company trusted by society through CSR procurement in cooperation with our business partners, with the aim of giving priority to the procurement of materials and the provision of products and services that take the environment and society into consideration.

◆ Fair and equitable transactions

- ◇ We will conduct fair and equitable transactions with all business partners based on the principle of appropriate "Quality, cost and delivery time".

◆ Building of trust relationship and mutual development

In addition to the "Quality, cost and delivery time", we aim to build a relationship of mutual trust and mutual development by conducting procurement based on appropriate evaluation standards, taking into full consideration such factors as innovativeness, technological capabilities, and management stability.

[3] CSR Procurement Guidelines

The Iseki Group has established the "Iseki Group Code of Conduct" as the basis of its daily activities and is committed to CSR procurement in accordance with the following items based on the Code of Conduct. We appreciate your understanding. Also, please share these contents or similar guidelines of your company with your company's business partners.

1. Customer satisfaction and quality assurance

(1) Customer satisfaction

To provide products and services that satisfy customers through activities to improve customer satisfaction (CS).

(2) Quality assurance

To take all possible measures to ensure the quality of our products, and in the event of a quality problem, respond promptly and sincerely.

2. Compliance with laws and regulations and ethical corporate activities

(1) Compliance with laws and regulations

To fully understand and comply with laws and regulations related to our operations.

(2) Appropriate accounting

To conduct appropriate accounting in accordance with laws, regulations, principles and internal rules at all times.

(3) Respect for intellectual property rights and compliance with laws and regulations of respective countries/regions as well as international rules

To recognize the importance of intellectual property (Patent rights, copyrights, etc.), work to accumulate and preserve intellectual property, and respect the intellectual property rights of others.

(4) Protection and management of trade secrets

To appropriately manage trade secrets and not to disclose them outside the company during or after employment.

(5) Respect for social decency

To refrain from acting out of social decency as a member of society.

(6) Fair relations with business partners

Relations with business partners must be fair and impartial, so not to give unfair disadvantages by taking advantage of a superior position in transactions.

(7) Moderate entertainment and gifts

Not to accept entertainment or gifts that exceed social norms.

(8) Prohibition of mixing public and private matters

Not to receive private benefits or favors by taking advantage of one's position at work.

(9) Appropriate use of company assets

To use company assets (Facilities, equipment, information systems, etc.) only for authorized purposes.

3. Respect for human rights and creation of healthy and safe workplace

(1) Respect for human rights

To respect fundamental human rights and refrain from discriminating or harassing others on the basis of nationality, race, creed, gender, disability, or other grounds. In addition, forced labor and child labor are not permitted.

(2) Responsible mineral procurement

If the use of conflict minerals(*) is found, we will work to avoid using it.

(*) Tantalum, tin, tungsten, gold and its derivatives produced in the Democratic Republic of the Congo and its surrounding countries, funded by rebel armed groups that repeat inhumane acts.

(3) Prohibition of harassment

To prohibit all harassment (power harassment, sexual harassment, etc.).

(4) Healthy and safe workplace

To aim to create a healthy, safe and rewarding workplace.

(5) Protection of personal information

To properly manage personal information and not to leak it.

4. Environmental conservation and green procurement

(1) Environmental conservation

To carry out corporate activities in harmony with environmentally conscious nature, with "Agriculture and Agricultural Machinery" as the cornerstone of management.

(2) Promotion of green procurement

To promote green procurement to build a sustainable recycling-oriented society.

See "Iseki Group Green Procurement Guidelines"

5. Coexistence with local communities and international cooperation

(1) Contribution to local communities

To actively contribute to local communities as a responsible member of society.

(2) International cooperation

To respect the laws, regulations, customs and culture of each country and region and contribute to local communities in our overseas operations.

(3) Insulation from antisocial forces and organizations

Not to have any relationship with antisocial forces or organizations, and not to provide any economic benefits, facilities or privileges under any pretext.

6. Management transparency and accountability

(1) Information disclosure

To recognize the importance of social accountability, work to disclose necessary information promptly and accurately, and strive to create a transparent company.

(2) Prohibition of insider trading

Not to engage in any act that violates insider trading (securities trading using undisclosed material internal information) regulations.

[4] Green Procurement Guidelines

In order to build a sustainable recycling-oriented society, the Iseki Group shall evaluate business partners' environmental efforts based on the Guidelines, and preferentially purchase environmentally-friendly products and conduct transactions with business partners that meet the standards. We appreciate your understanding and cooperation in promoting green procurement with us.

1. Scope of application and operation of green certification

<Scope>

- (1) The Guidelines shall apply to business partners who cooperate in the entire life cycle of Iseki products, such as purchasing, manufacturing, distribution, use and disposal of products.
- (2) They shall apply to products delivered to the Iseki Group.
- (3) Design and production consignment products and OEM supply products shall basically conform to the green procurement standards of OEM.
- (4) For products for which materials are specified by the Iseki Group in specifications, the evaluation of the environmental characteristics of the products is not applicable.

<Evaluation and judgment>

- (1) You will be asked to self-evaluate the evaluation criteria of "business partners' environmental efforts" and "environmental characteristics of the delivered products themselves" on the "CSR / Environmental Evaluation Sheet".
- (2) We will evaluate and judge based on self-evaluation, and give priority to purchasing products with a high overall green rating.
- (3) As green procurement information, into the business partner's overall evaluation and reflect the status of environmental conservation activities in our decisions to select business partners.

<Green supplier certification>

- (1) Based on the submitted results of self-evaluation, we shall evaluate the degree of achievement of the basic requirements of the evaluation standards, and determine that business partners that meet or exceed the Iseki Group certification standards be "Green procurement supplier".
- (2) In making a judgment, we may visit or interview business partners as necessary in order to confirm the results of self-evaluation.
- (3) The department in charge will inform you of the result of the judgment. At that time, we will issue a "Green Procurement Supplier Certificate" to business partners who are certified as "Green procurement supplier".

2. Standards for Evaluating Business Partners' Environmental Activities

This section explains recommendations and evaluation criteria for our business partners' environmental efforts in all business activities such as research and development, production, and sales.

<Basic requirements>

We encourage our business partners to acquire environmental management system certification in order to promote environmental conservation activities and green procurement. If you have not obtained certification, we shall conduct the evaluation based on the Requested items and status of implementation thereof.

- (1) Obtaining certification: Recommendation
 - ISO14001 or comparable in-house standard
 - Other certification by third-party regarding environmental management system.
- (2) Requested items and status of implementation
 - There is a policy on environmental conservation.
 - An organization and system for environmental conservation are in place.
 - You understand and comply with environmental laws and regulations.
 - You work on reducing energy consumption and CO2 emissions.
 - You work on reducing water consumption.
 - You work on reducing the use of hazardous substances such as chemical substances.
 - You make efforts to promote 3R (Reuse, reduce, and recycle) of wastes.
 - You are engaged in activities that take biodiversity conservation into consideration.
 - You provide education and awareness-raising activities on environmental conservation to all employees.
 - You publish information on environmental efforts on the Internet and in environmental reports.

3. Standards for Evaluating Environmental Characteristics of Products Delivered

This section explains the items and evaluation criteria requested for the environmental characteristics of the products delivered to the Iseki Group.

<Basic requirements>

- (1) They comply with environmental laws and regulations.
- (2) You make efforts to reduce the amount of resources (Materials, etc.) used in manufacturing them.
- (3) You make efforts to reduce energy consumption and CO2 emissions in manufacturing them.
- (4) You make efforts to promote 3R (Reuse, reduce, and recycle) of wastes in manufacturing them.
- (5) You give consideration to improving the recycling rate at the time of product disposal.
- (6) You are able to respond to the survey request made by the Iseki Group concerning the hazardous chemical substances contained in products.
- (7) You work on improving the efficiency of product transportation and reducing packaging materials.
- (8) You disclose environmental information on products.

[5] Implementation of the CSR / Environmental Management Evaluation Sheet

We may ask our business partners about their efforts through questionnaire surveys, phone calls or visits. If there are any items that have not been implemented in the survey, please consider them in-house and promote your efforts. Thank you for your understanding and cooperation.

1. About investigation of the status of efforts

- For the survey, please describe your self-evaluation on the "CSR / Environmental Management Evaluation Sheet" (paper or Web).
- In principle, the survey will be conducted once a year and will be announced by the department in charge of the Iseki Group.
- Surveys may be conducted irregularly as necessary.
- New business partners shall be requested to do so at the start of business.
- If you use a trading company as an agency, it shall be evaluated as well.

2.others

- The materials you respond to and the information obtained through hearings will be used only for the purposes specified in the guidelines and will not be disclosed to the outside
- This guideline and the content of the survey on the status of efforts may be revised without notice due to changes in social conditions and revisions to laws and regulations.
- Please refer to the latest information for laws and regulations that do not specifically indicate this guideline.

[6] Revision history

1. Green Procurement Guidelines
Established in June 2006
Revised in October 2010 (2nd edition)
Revised in September 2015 (3rd edition)
Revised in December 2018 (4th edition)
2. CSR Procurement Guidelines
Established in December 2018
Revised in November 2021 (2nd edition) *Integrated Green Procurement Guidelines