

Sustainability in ISEKI Group

Basic Policy (fundamental concept)

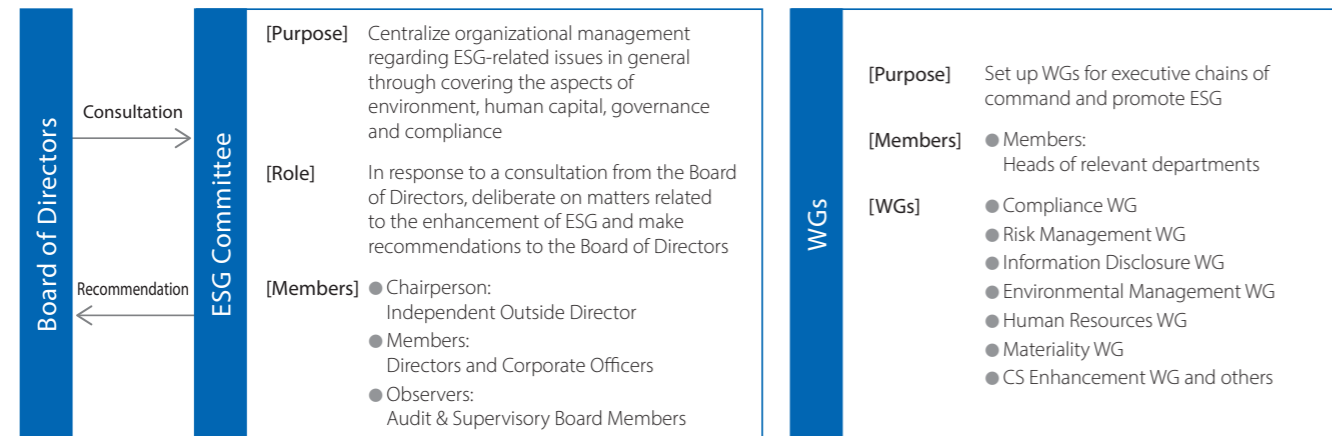
In keeping with the philosophy of our founder, "free farmers from exhausting labor," ISEKI Group sets forth its corporate philosophy as "We strive to contribute to the creation of the prosperous and sustainable society through 'providing innovative products and higher quality of services to the customers.'" 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. The Committee examines and deliberates sustainability-related initiatives for the Group as a whole from the perspective of risks and opportunities, and such initiatives include responses to climate change, respect for human rights, and employee health. 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. Nine working groups (WGs) have also been set up to promote ESG-related activities.

Promotion system



Main agenda items at ESG Committee meetings in FY2023

Number of meetings held

12 times (January to December 2023)

Main agenda items

- Quantification of materiality indicators (KPIs) and annual plans
- Report on results of activities to promote materiality
 - Matters related to environmental management activities
 - Matters related to customer satisfaction surveys
 - Matters related to human capital
 - Matters related to whistleblowing
 - Matters related to information disclosure
 - Matters related to TCFD and climate change
 - Matters related to CSR procurement
 - Matters related to evaluation of initiatives for risks
 - Matters related to labor accidents
 - Matters related to external assessment
- Strengthening of risk management and compliance

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 senior management.

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 distributing reports, etc. 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 senior management

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
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 tools
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

Dialogues between employees and the management

To disseminate our long-term vision and management strategies to materialize the vision, we engage in employee communication (hold internal IR information meetings) every year, where the management has direct dialogues with employees. In 2024, President and each officer in charge visited each domestic base. President talked directly to employees about the fundamental structural reforms and the measures for "Project Z" to promote growth strategies, which were announced in February, and sincerely answered questions from employees. In this way, the Company strives to face the challenges of transformation with a sense of unity. In addition, in order to reflect the initiatives to operations of each individual, each department held discussion.

This gave me an opportunity to rethink what I myself should do to realize the transformation through Project Z.

It was great to hear explanations from the President. I would like to know more details on initiatives for the future.

I reaffirmed the importance of the operations I am in charge of, and the necessity to increase presence of the overseas business.

I want to constantly explore broad effects by activating cross-organizational communication.



Intellectual property strategies

Intellectual property policy

Since its foundation in 1926, ISEKI Group has pursued improvements in agricultural efficiency and laborsaving under the philosophy of its founder “freeing farmers from exhausting labor” and has provided numerous advanced agricultural machinery over the period of about 100 years. In this context, viewing intellectual property and intangible assets as the basis of our management resources, we will strategically leverage them for the future and promote sustainable business development to practice ISEKI Group’s corporate philosophy, “We strive to contribute to the creation of the prosperous and sustainable society through ‘providing innovative products and higher quality of services to the customers.’”

Intellectual property strategies aligned with management strategies

To put its corporate philosophy into practice, ISEKI Group will seek to create high-quality intellectual property and intangible assets in the development of its global operations and in the advanced technology field, which is a growth market, in addition to its traditional domains of business foundation. ISEKI Group will execute its intellectual property strategies aligned with the management strategies by leveraging the created intellectual property and intangible assets as a core in the pursuit of “from products to services” development.

Expansion of intellectual property relating to smart agricultural machinery and data use

Amid the changing environment surrounding Japanese agriculture, advanced technologies that are employed particularly in smart agricultural machinery and data use to enable laborsaving and cost reduction are essential to realize agriculture full of dreams. ISEKI is focusing on the creation of intellectual property relating to such advanced technologies.

We will strive to strengthen our advanced technological capabilities with the aim of achieving a ratio of advanced technology-related proposals to all invention proposals of 60% or more.

Creation of intellectual property in landscaping field

Using technologies for agricultural tractors, we have been developing products for landscaping for Europe, such as mowing lawns in parks, road cleaning, and snow clearing work. We apply for patents for technologies related to these products to acquire property rights.

Overseas business expansion including monetizing intellectual property

Leveraging our intellectual property and intangible assets (including drawings, know-how, and brands), we are seeking to grant our overseas associated companies and strategic partners licenses through technology transfer to generate profits in various regions of the world. Through this initiative for licensing, we are enhancing collaboration with overseas strategic partners to find business opportunities. For example, we are working to expand products for sale through OEM supply from strategic partners.

Creation of technology that dominates market

ISEKI positions its proprietary technologies on which patents are pending or granted as “Only i” and uses them in its sales activities. Out of the “Only i” technologies, those equivalent to the technology that dominates the market are positioned as “Super i.”

We will further create “Only i” or “Super i” technologies to strengthen our competitive advantage and improve profitability.

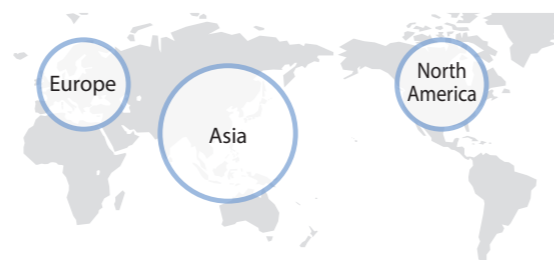
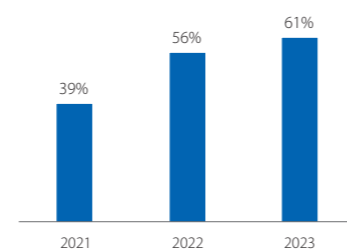


“Only i” symbol



“Super i” symbol

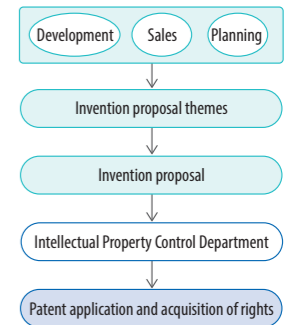
Ratio of advanced technology-related proposals to all invention proposals



Intellectual property management

System for promoting intellectual property activities

Taking into consideration research and development themes selected through consensus among the development, sales and planning departments, as well as promising technologies, and market trends and needs, ISEKI Group sets invention proposal themes and strongly drives forward invention proposal activities. Our engineers in charge of different products come together and carry out invention creation activities as a group to draw ideas and thereby improve the quality of inventions and horizontally deploy technologies. We evaluate proposed inventions and select ones from them in consideration of potential and feasibility, and the Intellectual Property Control Department applies for patents for the selected ones to acquire property rights.



Intellectual property management

Patent application, acquisition of rights, implementation and management of intellectual property are conducted in accordance with laws and regulations and company rules. Through this, we strive to acquire valid rights, protect trade secrets, and respect the intellectual property rights of other companies. For example, in valuation of intellectual property, based on our value calculation standards and in light of conventional wisdom, we make a reasonable evaluation that enables us to determine the value of a technology and calculate the consideration for the transfer of rights and licensing fees. Intellectual property information in Japan and overseas is digitized using an intellectual property management system for the smooth and efficient management of intellectual property. Information about strategies and initiatives for intellectual property and intangible assets is supervised and shared with the management team through reporting to and discussion with the Board of Directors.

Human resources development for intellectual property

Intellectual property training and education

We provide our employees with education about intellectual property, including new recruit training and other training commensurate with years of experience, focusing on a method for coming up with inventions to invigorate their creativity as well as methods for making invention proposals or responding to the rights of other companies. We also provide education for personnel in charge of practical intellectual property to improve their skills.

Technological research presentations

In order to manufacture products that will be able to contribute to the changing market environment in Japan and overseas, technological research presentations are held to share the outcomes of research and development and invention information and to provide opportunities for discussion, including senior management, with the aim of raising the standard of the Group as a whole.

Invention awards

Internal invention awards scheme

To invigorate intellectual property creation activities, awards are presented to young engineers as an awareness-raising exercise. Internal awards are also presented to promote creation activities by sharing outstanding inventions within the development departments. Through the creation of outstanding inventions, we will pursue the enhancement of ISEKI Group’s competitiveness.

National and regional awards for inventions

Every year, we nominate inventions that contribute greatly to our business for the Commendation for Invention hosted by the Japan Institute of Invention and Innovation to give an increased incentive to our investors. As of the end of 2023, ISEKI Group received a total of 234 awards including 19 national awards for inventions and 215 regional awards for inventions.

Number of invention awards received (The Japan Institute of Invention and Innovation)

National awards for inventions:	19
Regional awards for inventions:	215
Total:	234

(As of December 2023)

Outcomes of intellectual property activities

In 2022, the number of the Company’s patent application registrations per specialty field in Japan ranked second in the other special machinery field, and the patent allowance rate of the Company ranked third in all industries.

Our proactive efforts to develop, launch and commercialize new technologies are exemplified by the high number of patent application registrations per specialty field, as well as high patent allowance rates.

Number of patent application registrations per specialty field

Year	2000–2010	2011	2012–2017	2018	2019	2020	2021	2022
Statistics	Number of laid-open applications per specialty field		Number of patent application registrations per specialty field					
Field	Agriculture and fisheries		Other special machinery					
Rank	No. 1		No. 2		No. 1		No. 2	

Patent allowance rate

Year	2004–2010	2011	2012–2017	2018	2019	2020	2021	2022
Patent allowance rate*	—	91.8%	—	96.4%	97.7%	98.7%	97.2%	94.6%
Rank	No. 1	No. 2	No. 1	No. 2	No. 1		No. 3	

*Patent allowance rate = Number of allowed applications / (Number of allowed applications + Number of rejected applications + Number of withdrawn and abandoned applications)
Number of withdrawn and abandoned applications = Number of applications withdrawn or abandoned after notification of reasons for refusal

Human resource strategies

We will work to optimize human resources within the Group and enhance training to boost the vitality of the ISEKI Group's diverse human resources.



Masayuki Fukami

Director & Senior Corporate Officer
In charge of Personnel, Corporate Planning, and Investor Relations
Deputy in charge of Compliance

The ISEKI Group is committed to human capital management, where systems and workplace environments are in place to enable employees to work with passion, and each and every employee demonstrating their knowledge, skills, and experience leads to medium- to long-term corporate value improvement. In light of this, we have set "enhancement of employee engagement" as one of our priority issues (materiality). We are also working on a variety of measures related to "promotion of diversity, equity and inclusion (DE&I) and enhancement of education" and "improvement of engagement score" to maximize the capabilities of the Group's human resources.

For the purpose of promoting DE&I and enhancing education, we have introduced the Group personnel open recruitment system to optimize human resources and raise productivity across the breadth of the ISEKI Group, and cultivate human resources who are willing to take on challenges and initiate change. Furthermore, in addition to actively recruiting mid-career professionals with superior abilities and experience in global and cutting-edge technologies, DX, and other similar fields, we have established a system that will help us secure a diverse workforce. Also, through the upgrading of employee educational programs utilizing tools such as apps, we support voluntary learning opportunities for employees and enhance their skill development.

The engagement score is an important, objective indicator of the bond between the company and its employees. Despite the current discrepancy between the overall satisfaction target and actual results, we believe that, rather than simply improving the score, we must analyze the factors that caused the discrepancy and work to improve them.

The Group will develop human resources who will play leadership roles toward its 100th anniversary of foundation in 2025 and the next 100 years through scientific human resource management.

ISEKI Group policy for human resources development and policy for workplace environment creation

Policy for human resources development

ISEKI Group believes what contributes to the solution of various issues is people, who are essential for sustainable business growth and improvement of corporate value.

The Group will direct its efforts toward the securement of core human resources to execute its business strategies, such as cutting-edge technologies and the promotion of globalization. To be a solution provider for agriculture and landscape, we will also bring out the full potential of each employee and develop human resources who actively take on challenges and bring about change, by further enhancing education programs for DX and other purposes.

Policy for workplace environment creation

Based on the Company motto of providing "a stable workplace to the employees," ISEKI Group aims to provide a safe and secure workplace to its employees as well as to create a rewarding workplace.

On the premise of respect for human rights and thorough compliance, we will work to enhance employee engagement and create a diverse, sound, and transparent workplace environment so that we can develop together with our employees.

Targets

- Ratio of female employees hired: 20% or more, active recruitment of women in technical fields
- Ratio of female managers: 7% or more (end of 2025)
- Increase in the number of foreign nationals in managerial positions (end of 2025)
- Ratio of mid-career hires in managerial positions: 7% or more (end of 2025)

Promote diversity, equity, and inclusion (DE&I) and enhance education

The ISEKI Group strives to foster an environment that enables people with diverse backgrounds and personalities to fully demonstrate their capabilities.

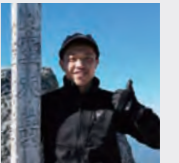
Optimization of Group human resources

In 2023, we launched the operation of the Group personnel open recruitment system. Our objectives for the system are to improve productivity and organizational vitality by effectively utilizing Group human resources, and showing respect for employee autonomy to enhance engagement and career development. We will utilize the talent management system to continue optimizing the Group's human resources.

VOICE— Employees who took advantage of the Group personnel open recruitment system

Kotaro Shimokawa, IST Farm Machinery Co., Ltd.

I transferred to ISEKI & CO., LTD. from domestic sales subsidiary ISEKI Kanto Koshinetsu, and am currently working at sales subsidiary IST Farm Machinery in Thailand. My motivation for applying was the idea that I might be able to form a new career by combining the language study I engaged in as a student with my experience in domestic sales. We are committed to developing farmers and rural communities in the ASEAN region and to expanding our overseas business by leveraging the experience gained in domestic sales in providing products and services.



Development of global talent

We are focused on personnel development toward the further expansion of our overseas business. In addition to the active dispatch of young and mid-career employees to overseas subsidiaries, in 2023 we introduced Study Sapuri ENGLISH, an online English learning application, on top of our existing training programs to enhance language learning opportunities.

VOICE— Employees active overseas

Aina Miyauchi, ISEKI Europe GmbH

After being involved for about three years in the development of riding lawn mowers for Europe in the Tractor Technology Department, I have been based in Germany with ISEKI Europe GmbH since 2023, in charge of after-sales service operations and market research for product development. I gained new perspectives and broadened my horizons as an engineer by being exposed to diverse languages, thoughts, and ideas. In the future, I would like to leverage the experience I gained having been stationed overseas in designing and developing machines from a global perspective.



Initiatives to promote active participation of women

In FY2023, to motivate female employees to pursue their careers and strengthen bonds among employees, we held two roundtable training sessions for management position candidates, with 42 participants. We will continue to boost the ratio of female managers by training management position candidates.

Ratio of female managers

2020	2021	2022	2023	2025 (target)
3.7%	4.2%	4.1%	4.6%	7%

*Data for ISEKI & CO., LTD. (non-consolidated)

Skill development through enhanced educational programs

We support self-development by providing a host of educational programs for the purpose of employee skill development and reskilling. We reviewed our existing distance education system and launched an online learning platform that allows employees to take approximately 12,000 different courses according to their challenges and objectives. We also expanded content, including an educational app that allows employees to consume content by audio to take full advantage of their spare time. We also dispatch our employees to graduate schools for working adults (The Graduate School of Project Design).

VOICE— Employees studying at graduate school for working adults

Yo Murayama, North America & Oceania Sales & Marketing Department, Overseas Business Division, ISEKI & CO., LTD.

Following my assignment overseas at PT. ISEKI INDONESIA, I am currently responsible for sales for distributors in North America and Oceania. In 2023, I enrolled in The Graduate School of Project Design, a graduate school where working professionals can build and plan new businesses. I am inspired by people with varying backgrounds from different industries and generations, and learn and come to new realizations on a daily basis. I feel that this is a valuable experience. I can only express my gratitude to the company, my colleagues, and my family for supporting me in balancing study and work. I have one year left in the master's program, and I will continue to enjoy myself as I give my best effort in my job and education.



Strengthen mid-career recruitment

With the aim of enhancing our organizational strength, we are reinforcing our mid-career recruitment. The ratio of mid-career hires in managerial positions in 2023 was 8.5%. Moreover, in 2023, we diversified our recruitment system by starting career registration, return-to-job (reemployment of former employees), and referral recruitment (employee referral). We will increase the matching rate between our company and applicants, while also strengthening our organizational capabilities.

Ratio of mid-career hires in managerial positions

2020	2021	2022	2023	2025 (target)
5.3%	5.3%	6.4%	8.5%	7% or more

*Data for ISEKI & CO., LTD. (non-consolidated)

Human resource strategies

Data related to human capital

● Indicators related to human capital

Ratio of female employees	Female-to-male pay ratio (permanent employees)	Retention rate of new graduates after three years	Utilization rate of paid leave (permanent employees)	Employment rate of people with disabilities
14.7%	73.7%	91.7%	66.6%	2.02%

*Data for ISEKI & CO., LTD. (non-consolidated)
 *In the personnel and wage systems, there is no difference based on gender. Differences in the ratio of personnel by job qualification, a high rate of female employees selecting region-specific positions, and differences in the work system result in a wage difference between male and female employees.

Toward enhancement of employee engagement

ISEKI Group is working on the enhancement of employee engagement to retain talented personnel and create employees who actively engage in corporate growth. We are working primarily on the provision of a secure and safe workplace, support for career development, and development and utilization of diverse human resources. At the same time, we conduct regular engagement surveys and monthly pulse surveys to assess the status of our employees' engagement.

➤ Engagement survey target and results

	August 2023 (result)	March 2024 (result)
Overall satisfaction rate	51.6%	49.0%
Response rate	80.2%	84.4%
Items with high satisfaction rate	Workstyle, interpersonal relationship	Workstyle, environment conducive to growth
Issues	Wage system, personnel system	Wage system, personnel evaluation system

February 2025 (target)

Overall satisfaction rate **70.0%**

➤ Initiatives in response to engagement survey results

The overall satisfaction rate shown by the most recent engagement survey was 49.0%. Unfortunately, there is a huge gap between the result and the target rate of 70.0%. The survey results show low rates of satisfaction with the items such as wage system, while high rates with workstyle, interpersonal relationship, and environment conducive to growth.

ISEKI Group has worked to enhance its welfare system in an effort to improve the overall satisfaction rate and introduced an open recruitment system for the entire ISEKI Group to allow employees with high motivation to expand career opportunities. In April 2024, the Group introduced the Thanks Point Program to further improve the rates of satisfaction with interpersonal relationship and organizational culture. Although the program has just been introduced, it helps employees actively communicate with each other across the departments or offices. Regarding our wage system, which is one of the issues, we will strive to improve the wage level along with improvement of profitability we pursue under Project Z and also perform an in-depth review of our personnel evaluation system.

➤ Introduction and utilization of 360-degree evaluation

In 2022, the 360-degree evaluation system for managers was introduced to facilitate the growth of personnel in managerial positions and enhance organizational capabilities. The system is intended to facilitate further growth of our managers by feeding evaluation results back to them. At the same time, we utilize evaluation results for planning a human resources development curriculum by taking into account the strengths and weaknesses of our human resources that have been identified by the results.

➤ Initiatives to realize work-life balance

ISEKI Group is promoting various measures and improving the environment for employees to allow its employees to adopt diverse workstyles that suit their stages of life. In particular, when an employee notifies us of childbirth, we let the employee and his or her supervisor know about the childcare leave system and encourage the employee to take the leave. This is intended to create an environment where both male and female employees readily take childcare leave and return to their work.

● Status of utilization of paid leave (permanent employees' average)

2022	2023
65.3%	66.6%

*Data for ISEKI & CO., LTD. (non-consolidated)

● Ratio of male employees who took childcare leave

	2022	2023
Ratio	42.1%	72.2%
Average days of leave	32 days	49 days

*Data for ISEKI & CO., LTD. (non-consolidated)

Promotion of health & productivity management

ISEKI Group announced the Health & Productivity Management Declaration in 2021 and has been certified as a health & productivity management outstanding organization (the large enterprise category) for three consecutive years since 2022. The Group also joined the Health & Productivity Management Alliance in June 2023 with the aim of promoting employees' health and improving productivity and will continue to implement initiatives to further realize employees' well-being through referring to examples of initiatives by other companies.



Health & Productivity Management Declaration

Viewing healthy and stable living of individual employees as the driving force behind the development and business activities of a corporation, ISEKI Group has engaged in maintaining its employees' health since its foundation. Looking ahead to the 100th anniversary of its founding in 2025, ISEKI Group has now declared that it will further promote health & productivity management in mutual collaboration with ISEKI Health Insurance Association and ISEKI Labor Union to ensure that all people playing active roles at the Group can spend healthy and fulfilling days.

ISEKI Group health basic policy

We will work to maintain and promote the health of individual employees and enable the enhancement of employee engagement and sustainable growth of the Group by implementing measures focusing on three kinds of health as follows:

- 1 Physical health
- 2 Mental health
- 3 Living health

Occupational safety and health management

Setting up "a healthy and safe workplace" as the code of conduct, ISEKI Group strives to manage occupational safety and health in a group-wide effort. Iseki Group carries out safety and health activities reflecting the actual situations of each company and office and implements safety checks at manufacturing subsidiaries to promote awareness-raising at the sites, thereby striving to reduce accident risks. The Group has established ISEKI Safety Promotion Center as a place for experiencing near-accidents and offers employees to have a simulated experience of specific occupational accidents to improve safety awareness. Since lost time accidents increased at its manufacturing subsidiaries in 2022, the Group worked to improve its occupational safety control system by enhancing safety education and equipment inspections. As a result, the industrial accident severity rate for 2023 improved from the figure in the previous year.

● Statistics of industrial accidents: severity rate (%)

2020	2021	2022	2023
0.000	0.004	0.260	0.016

*Severity rate: Number of work days lost per 1,000 working hours
 *Scope: ISEKI & CO., LTD. and its three factories in Japan

Policies Concerning Safety

"Safety takes precedence over everything"
 – promoting initiatives to achieve "zero" industrial accidents –

Implementation of risk assessment based on risk-prediction activities

- Identifying risks and hazards in operations, taking risk reduction measures, and thereby preventing accidents from occurring.

Provision of safety education

- Thoroughly entrenching awareness of safety once again through education provided at the Safety Promotion Center so as to build a framework that prevents any industrial accidents.

Respect for human rights, Prohibition of discriminatory treatment

▶ Basic Policy (Fundamental concept)

It is stipulated in ISEKI Group Code of Ethical Behavior to "respect basic human rights and not engage in any act of discrimination or harassment on the grounds of nationality, race, creed, gender and disabilities." The Code of Ethical Behavior is distributed to all employees. The Group instructs them to, among other things, "always respect human rights of others by periodically providing employees with education" and "pay extra attention to their speech and behavior so as not to commit acts that ignore others' human rights, such as harassment."

Environmental management

Environmental Vision

ISEKI Group will aim for the creation of a sustainable society by 2050, including carbon neutrality through "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.

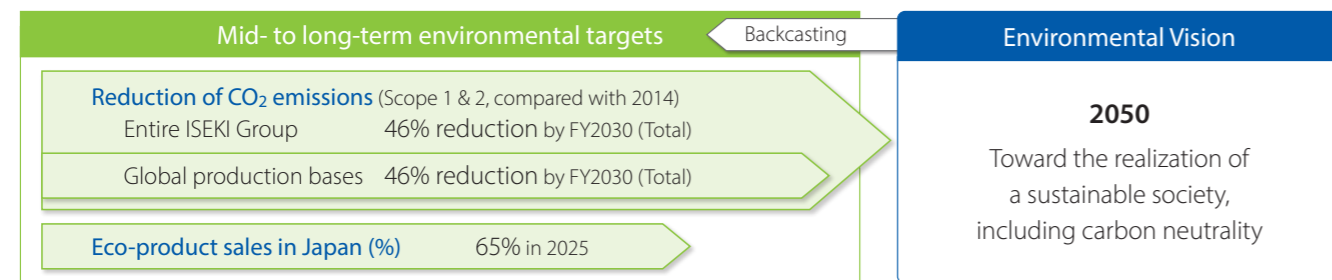
- 1 Maintain environmental management system and its functional applications
- 2 Promote dissemination of business activities and products and services to achieve carbon neutrality
- 3 Comply with environmental laws, regulations, and standards
- 4 Conduct environmental education and information disclosure

System for promoting environmental management

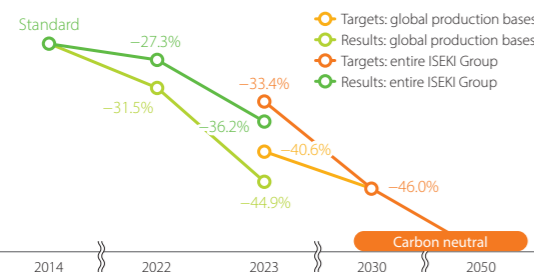
The Environmental Management Working Group (WG) promotes the Basic Environmental Policy throughout the Group, aiming to realize our Environmental Vision by managing progress toward our mid- to long-term environmental targets through compilation of activity results for each office, and by discussing measures related to the Task Force on Climate-related Financial Disclosures (TCFD) (P62). Matters discussed by the Working Group are reported to and deliberated by the ESG Committee (P53).



Mid- to long-term environmental targets

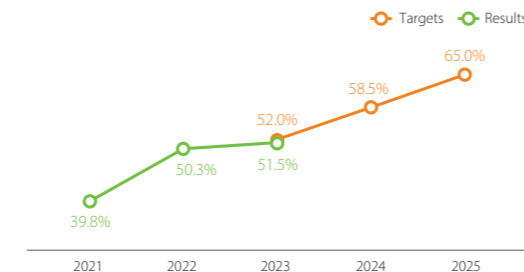


Reduction of CO₂ emissions (Scope 1 & 2)



*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 the Company's website for information about the eco-product certification system

Eco-product ratio in domestic sales



Major activity results in promoting environmental management

	Mid-term environmental targets (per net sales)	FY2023 Targets and result evaluation			
		Targets	Results	Evaluation	
Development of recycling-oriented society	Standard compared with FY2013 Four manufacturing bases in Japan	Reduction of volume of water used	(43)%	(53)%	○
		Reduction of final volume of waste	(64)%	(69)%	○
Manufacturing resources		Reduction of total material input	(17)%	(34)%	○
Toxic chemical substances		Reduction of used volume of chemical substances subject to PRTR law*	(36)%	(45)%	○

*The system and law under which the national government compiles data about the release and transfer of chemical substances and makes the results publicly available each year

Revision of FY2030 targets

In light of the situation in which results have reached or are about to reach the targets as well as legal amendments, we have revised the targets.

- Changes**
- Volume of water used: The base year has been shifted due to expansion of the range of sites subject to monitoring to include global production bases.
 - Final volume of waste and total material input: The targets have been raised for us to pursue further reductions.
 - Used volume of chemical substances subject to PRTR law: The target is under review since substances subject to the law have increased due to legal amendments.

Mid- to long-term environmental targets (per net sales)	Scope	Standard	FY2030 Targets
Reduction of volume of water used	Global production bases	Compared with FY2014	(41)%
Reduction of final volume of waste	Four manufacturing bases in Japan	Compared with FY2013	(71)%
Reduction of total material input			(35)%
Reduction of used volume of chemical substances subject to PRTR law		Compared with FY2023	Under review

*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.

*The FY2023 figures of used volume of chemical substances subject to PRTR law were calculated on substances that had been subject to control before the legal amendments.

TOPIC Reduction of CO₂ emissions through switching to LNG fuel and introduction of cogeneration system

In September 2023, the fuels used for boilers and drying furnaces at ISEKI-Matsuyama MFG. Co., Ltd. were switched from the heavy oil and butane gas to liquified natural gas (LNG), which emits limited CO₂. ISEKI-Matsuyama MFG. renewed the equipment to LNG boilers and built a cogeneration system to utilize waste heat produced by a gas engine power generation facility that runs on LNG. This initiative is expected to enable ISEKI to reduce its annual CO₂ emissions by approx. 1,400 tons. We plan to eventually switch the fuel for the equipment from LNG to carbon neutral methane (synthetic methane).



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.

Biodiversity Guidelines <https://www.iseki.co.jp/sustainability/environment/conservation/> (in Japanese)

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

As one initiative for sustainable agriculture, ISEKI Group is working to promote and expand environmentally sound agriculture including organic farming. The Aigamo-Robo weeding robot (for details, please refer to P38) 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.



Aigamo-Robo, an automatic weeding robot

Evaluation by third parties (DBJ Environmental Rating)

In March 2024, ISEKI received the highest rating as one of the "Companies doing environment-friendly business activities progressively," 18 times in a row, by the Development Bank of Japan Inc., in receiving loans under the DBJ Environmentally Rated Loan Program.

- Highly evaluated points**
- 1 ISEKI is performing environmental management throughout the Group including Group companies and supply chains.
 - 2 ISEKI is committing itself to contributing to the environment through the widespread dissemination of products certified as eco-products.
 - 3 ISEKI is promoting initiatives aimed at solving agriculture-related issues through its business from a mid- to long- term perspective.



Efforts to improve quality and customer satisfaction

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.

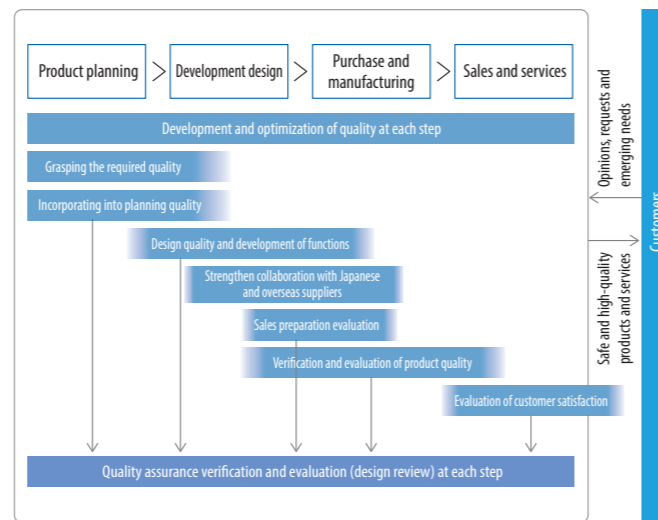
Product development reflecting the voices of customers

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 operating instructions 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.

At a meeting held by the Quality Improvement Committee every month, ISEKI checks the status of activities for quality improvement, reports if there has been a quality deficiency issue, and discusses matters including measures against the deficiency and recurrence prevention measures.

Flow of how voices of customers are reflected in product development

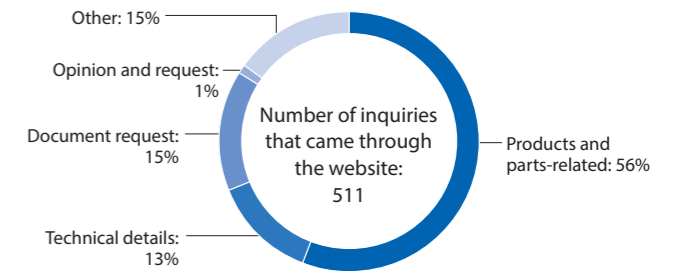


Responses to and support for customers

We strive to respond to inquiries, queries, and comments from customers correctly, promptly in a sincere manner (target of within one business day), with the aim of enhancing customer satisfaction. The valuable opinions from customers are fed back to senior management and relevant departments and are used to develop better products, as well as for sales and service activities.

In FY2023, the number of inquiries that came through the Company's website was 511. For matters that receive a large number of inquiries, ISEKI Group discloses them on its website so that other customers can make best use of them.

Contents of inquiries regarding products from customers (FY2023)



Development of human resources to improve quality and customer satisfaction

ISEKI Group conducts various education programs, with the aim of developing products and engaging in sales and service activities so that customers can use ISEKI's products safely and with peace of mind.

Early nurturing young designers

In the training focusing on the integrated system for automating rice farming, young designers learn not only models they are responsible for but also a series of farm work and machine operation processes from soil maintenance to crop drying processing. This program helps them to develop products from customers' viewpoint.

Education to improve service skills

We hold service skills contests that our service staff nationwide are entitled to participate, in addition to encouraging them to obtain certified qualifications. ISEKI works to improve the Group-wide technological and service capabilities to provide services that customers feel reassured.



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.

Number of recalls by fiscal year^{*2}

	2019	2020	2021	2022	2023
Number of recalls	2	0	4	1	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)

Customer satisfaction surveys

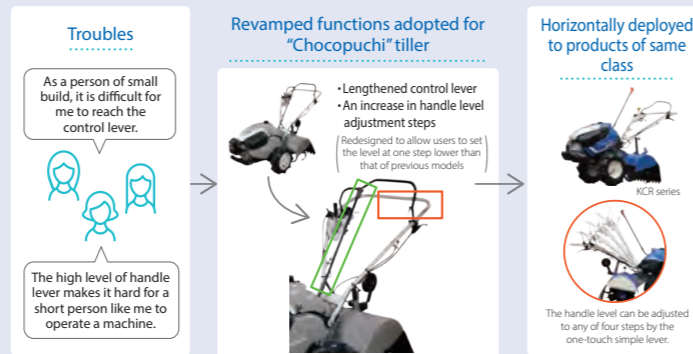
To offer products and services of higher quality, we conduct customer satisfaction surveys targeting customers in Japan. The CS Enhancement Working Group promotes the activity. The survey results are reported to the ESG Committee, fed back to relevant departments, and utilized for the development of products and services.

Standardization of functions created from voices of female farmers

Approximately 40% of farm workers are women and they play important roles in farming and community activities. ISEKI Group participates in the NOGYOJOSHI (female farmers) project by the Ministry of Agriculture, Forestry and Fishery (MAFF) and has been developing agricultural machinery products incorporating the opinions and ideas of female farmers. The agricultural machinery incorporating the voices of women is user-friendly for many users who have similar troubles, and ISEKI has horizontally deployed some of the functions to its other products and standardized them.

In recent years, such products have attracted attention as an example of gendered innovations.

Example of standardization: "Improvements in handle lever and its level"



Initiatives to ensure safe use

To ensure customers' safe and comfortable machine operation, ISEKI Group works to develop products with enhanced security and safety features.

In the service support, ISEKI Group provides operating instructions upon delivery of purchased products. In addition, we provide regular inspection and maintenance services to reduce mechanical trouble during season and support customers' planned farm work.

In recent years, ISEKI Group has upgraded service maintenance facilities to respond to larger-sized machinery associated with an increase in size of farm business, striving to provide quick maintenance services.



The BF series of tractors equipped with safety features such as a seat belt reminder to urge an operator to fasten the seat belt and a sensing function to detect the operator's leaving off the seat and stop the power take-off (PTO)



ISEKI Kyushu's Miyakonjo Service Workshop, where a facility for large-scale maintenance has been installed

DX promotion

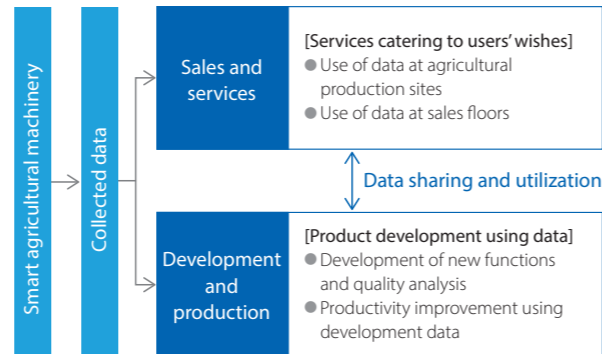
Business model transformation through DX

By focusing on providing not only products, but also the best solutions leveraging digital technologies—including information and know-how—ISEKI Group is seeking to transform its business model from products to services through DX.

According to statistics by the Ministry of Agriculture, Forestry and Fisheries, the number of agricultural entities engaged in data-based farming accounted for 26% of the total agricultural population in Japan in 2023, marking an increase of 2.8% from the previous year and increasing year by year. ISEKI Group will continue contributing to improved agricultural productivity by supplying smart agricultural machinery leveraging ICT and robot technology as well as providing services that combine data particularly obtained from smart agricultural machinery with its know-how such as farm business technologies. In addition, we will continue to work on business reforms through digitalization in sales, service, development and at production sites.

*Ministry of Agriculture, Forestry and Fisheries, "2023 Survey on Movement of Agricultural Structure"

Overall picture of use of digital technology



Reinforcement of sales by enhancing efficiency of sales activities

We introduced i-Magazine, a support tool for centralized management of data about products and parts and information including quotations and sales journals, at wide-area sales companies in Japan to promptly provide solutions to customers' issues and lead to work style reforms for our employees by making sales activities more efficient.



Improvement of productivity through digitalization at production sites

We have visualized complicated operating instructions and automated part of inspection processes by introducing an electrical components inspection system using digital technology. As a result, the number of man-hours has decreased to less than one tenth of that consumed in conventional processes while inspection items are increased to stabilize quality.

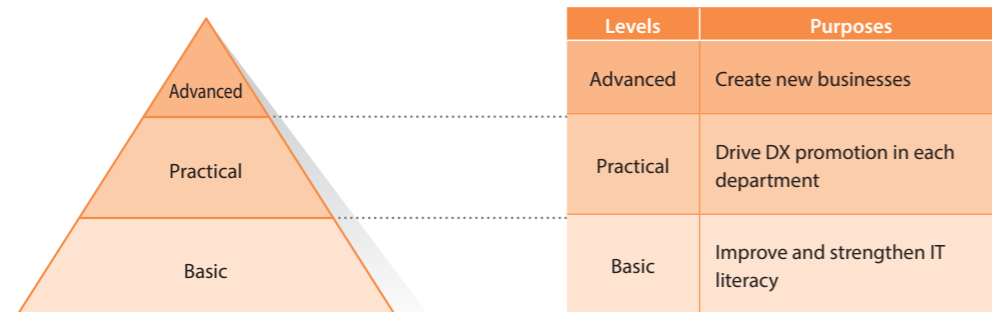


Development of DX and digital talents

ISEKI Group focuses on the development of DX and digital talents based on the "policy for human resources development" to respond to labor shortage and a rapid change in the market environment resulting from a decline in work force caused by the declining birthrate and aging population.

Our education is provided at three different levels that consist of the "basic level" aimed at improving and strengthening IT literacy, the "practical level" intended to enable trainees to drive DX promotion in their departments, and the "advanced level" at which trainees' skill is further enhanced with the creation of a new business in view.

In DX ISEKI Group aims for, it is essential that employees conversant with internal operations at actual sites play an active role. Through education at the basic level, we intend to enable our human resources to acquire the skills of solving issues and effectively performing operations and services and strengthen their skill in using digital technologies. We then provide professional education at the practical and advanced levels to further promote the development of DX and digital talents.



Initiatives for society

Basic Policy (Fundamental concept)

- Suppliers** 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."
- Local communities** The basic rules of ISEKI Group include "to actively contribute to local communities as a member responsible for society." ISEKI Group works on contributing to society through its business activities aiming for the mid- to long-term development of local communities.

Promotion of CSR procurement

In order to jointly promote, with its suppliers, procurement activities that take social responsibility into account, ISEKI Group has established ISEKI Group CSR Procurement Guidelines, promoting CSR procurement. The Group checks the status of suppliers' initiatives for CSR through questionnaire surveys, and reconfirms contents and make improvement proposals, etc. in relation to suppliers whom CSR risks are concerned for. We work to strengthen cooperation with suppliers through actions such as explaining the state of ISEKI Group's management and CSR procurement at business report meetings and IR information meetings for vendors and holding superior company tours. In 2023, we held two business report meetings and six training sessions for major suppliers to our factories in Japan to have opportunities for dialogue.

- Matters requested to suppliers**
 - Customer satisfaction and quality assurance
 - Legal compliance and ethical corporate activities
 - Respect for human rights and creation of a healthy and safe workplace
 - Environmental preservation and green procurement
 - Co-existence with local communities and international cooperation
 - Management transparency and accountability

Initiative undertaken in 2023	Target	Result
Rate of responses to CSR procurement questionnaire surveys	80%	86%

For details, please refer to the Company's website. <https://www.iseki.co.jp/sustainability/social/supplychain/> (in Japanese)

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 the status of our initiatives for education and training are made from the Compliance Working Group to the ESG Committee. In FY2023, ISEKI was subject to no legal action under the Subcontract Act.

- Reaffirmation of what violates the Subcontract Act and compliance with recurrence prevention measures
- Explanation on the details of recurrence prevention measures; Ethical Hotline
- 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.)

Co-existence with local communities

ISEKI Group has proactively conducted social contribution activities to co-exist with local communities. For the development of local communities, we are working to contribute to society through business activities.

Activities for contribution to the local community and environment

We conduct cleaning activities in local communities and at our offices as part of corporate citizen activities oriented to the local community and environmental education for employees.



Beach cleaning using tractors and specially made implements

Education activities for next generation

We conduct food and agricultural education for the next generation through activities such as holding drawing contests, exhibiting products at food and agricultural events, and holding visiting lectures.



Visiting lecture focusing on agriculture and SDGs

Activities for development of local communities in collaboration with local governments

We conduct activities to contribute to the realization of sustainable agriculture through initiatives in collaboration with local governments and other partners throughout Japan.



Partnership agreement with Uda City, Nara Prefecture on creation of production areas for agriculture in harmony with the environment

For details, please refer to the Company's website. <https://www.iseki.co.jp/sustainability/social/contribution/> (in Japanese)

Message from an Outside Director



Further reinforcing governance to boost corporate value

Atsushi Iwasaki

Outside Director

● Chair of Board of Directors / Chair of Nomination and Compensation Committee / Chair of ESG Committee

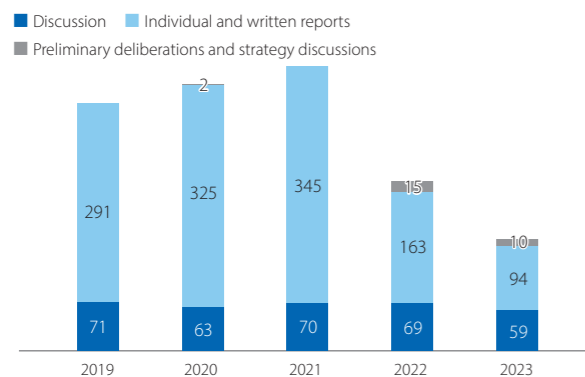
Q Please tell us about your efforts to revitalize the Board of Directors.

I was appointed Chair of the Board of Directors in March 2022. Despite this being the **first time that an Outside Director had assumed the chairmanship** of the Company, the first thing we set out to accomplish was to **reform the Board of Directors**.

Step one was to **improve agenda setting**. I felt that the Board used to have a large number of items on its agenda and that the time allotted for each individual item was insufficient. To ensure sufficient time could be dedicated to corporate strategy and other major directional matters, the monetary standard for the regulations of authority pertaining to the Board of Directors was raised significantly, and authority was transferred to the Directors' Operation Committee. Since there was a risk, however, of missing qualitatively important matters by taking only this action, I myself observe all meetings of the Directors' Operation Committee, and when I determine that a matter should be brought up for discussion or reported to the Board, I give instruction as appropriate.

The second is to **upgrade the advance explanation**. A few days prior to each Board of Directors meeting, we conduct a pre-briefing for Outside Directors to ensure that they have a deep understanding of pertinent issues. In many cases, materials from Directors' Operation Committee meetings were used to provide explanations. In some instances, though, internal terminology was often used,

Breakdown and number of agenda items for Board of Directors' meeting



making it somewhat unclear what was to be discussed. We strive to ensure that Board meetings operate efficiently by clarifying issues during pre-briefings and directing additions to the executive summaries as needed.

The third was the **establishment of a new management strategy discussion**. There are many issues that Board members should discuss, even if they do not actually make a Board meeting agenda. The time saved by streamlining Board meetings is allocated to discussions on management strategy. Intellectual property strategy is one such example. During such management strategy discussions, the Board does not record minutes and opinions are freely and openly exchanged.

Q How would you characterize the operation of the Nomination and Compensation Committee?

The Company has implemented institutional reforms for both the nomination and compensation systems.

First, with respect to nominations, we have **changed the composition of the Board of Directors**, as approved at the ordinary general meeting of shareholders in March 2024. In concrete terms, the number of Directors has been changed from six internal Directors and three Outside Directors to **five internal Directors with the number of Outside Directors unchanged. Two female Outside Directors—including one with corporate management experience—have been appointed to ensure diversity**. We believe that this will allow for discussion from a perspective that wasn't possible previously.

Next, with respect to compensation, we **revised the Directors' compensation system** in March 2022. What had been essentially only fixed compensation will now consist of basic compensation, performance-linked evaluation compensation, and performance-linked stock-based compensation. The aim is to clearly link Directors and Corporate Officers to business performance and shareholders' value, and to heighten their awareness of the contribution to boosting corporate value.

In relation to performance-linked evaluation compensation, **interviews with internal Directors by Outside Directors were instituted as a regular practice**. While we have frequent opportunities to come in contact with executives who work at

the Tokyo headquarters, such opportunities are rare with those stationed in Matsuyama, a key location of the ISEKI Group. As such, once each year, Outside Directors visit Matsuyama to meet with all Directors who work there. The results of these interviews are then fed back to the Nomination and Compensation Committee for assessment.

As you see, we have reformed our nomination and compensation systems, but we are not finished yet. Based on the opinions of our stakeholders, we will continue to make improvements.

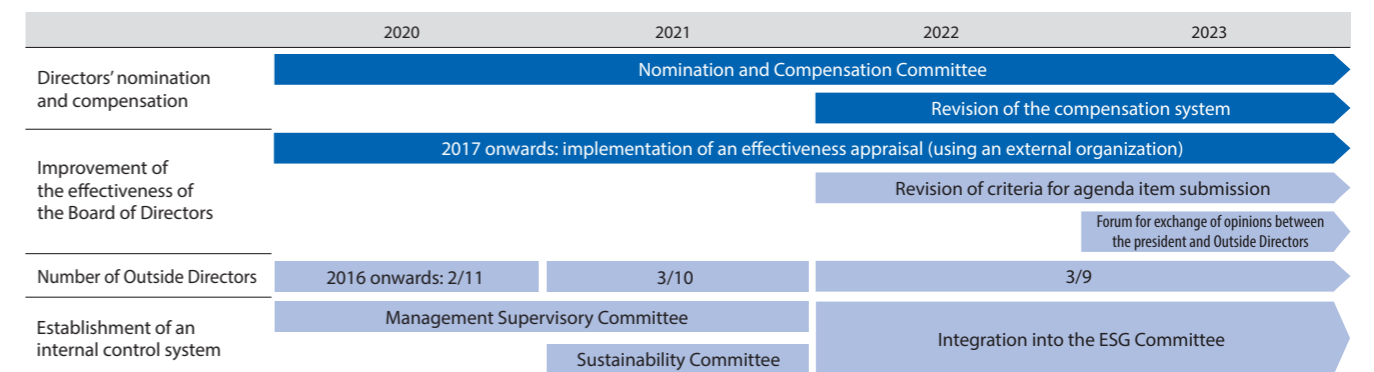
Composition of Directors' compensation *Excluding Outside Directors



Q Please share with us about your plans to reinforce ESG initiatives.

Following the developmental dissolution of the previous Management Supervisory Committee and the Sustainability Committee, the Company newly established the ESG Committee in August 2022 as an advisory body to the Board of Directors. I chair the Committee, and its members include Directors and Corporate Officers. Audit & Supervisory Board Members serve as observers. The purpose of the Committee is to **manage the organization centrally** by covering issues related to ESG in general, including environment, human capital, governance, and compliance. Until now, there have been a number of meeting bodies, such as the Sustainability Committee and the Risk Management Control Committee. These were formed in response to the needs of the moment. With the establishment of the new ESG Committee, the previous meeting bodies have been **reorganized into working groups (WGs) to promote ESG**. There are currently nine WGs—some permanent, such as compliance and environment, and some temporary, such as the 100th anniversary WG. With regard to operations, we are able to respond flexibly to occasional changes in the environment. The most important discussions conducted by the WGs are reported to the ESG Committee to share the information among its members.

History of governance reinforcement



Q What are your expectations for the future of the ISEKI Group?

The aforementioned major governance reform initiatives are but one aspect of corporate management. As indicated in our basic strategy, "enhancement of corporate value by strengthening profits and reinforcing corporate governance," **it is of utmost importance for a company to secure appropriate earnings**. With regard to this point, as an Outside Director, I regret that the Company is off the track of the Mid-term Management Plan formulated in 2021. Meanwhile, in a sense, I see this positively as a **prime opportunity for real change**, and I intend to continue to make various proposals from my perspective as an Outside Director. I view the following two points as being of particular significance.

The first is a **swift response to changes in the environment**. Our earnest corporate culture is one of our strengths, but we tend to respond slowly to change. Delays in decision-making can be fatal when attempting to expand overseas operations. We have established a structure within which the Board of Directors spends sufficient time discussing major directions and then delegates authority to the executive side once a determination has been made. I feel that, when matters are progressing as planned, reports should be brief. When there are major changes in the environment, however, the Board of Directors should return to the discussion and undertake bold changes in course.

The second is to **further promote selection and concentration**. This is a theme that is typically incorporated into mid-term management plans and is generally advocated by all companies, but I'm afraid I must say that our company's efforts are inadequate. Decisions on management resource allocation should be based on timely and appropriate analysis, because it is difficult to generate consolidated profitability with an omnidirectional strategy that is considerate of everyone in the Company.

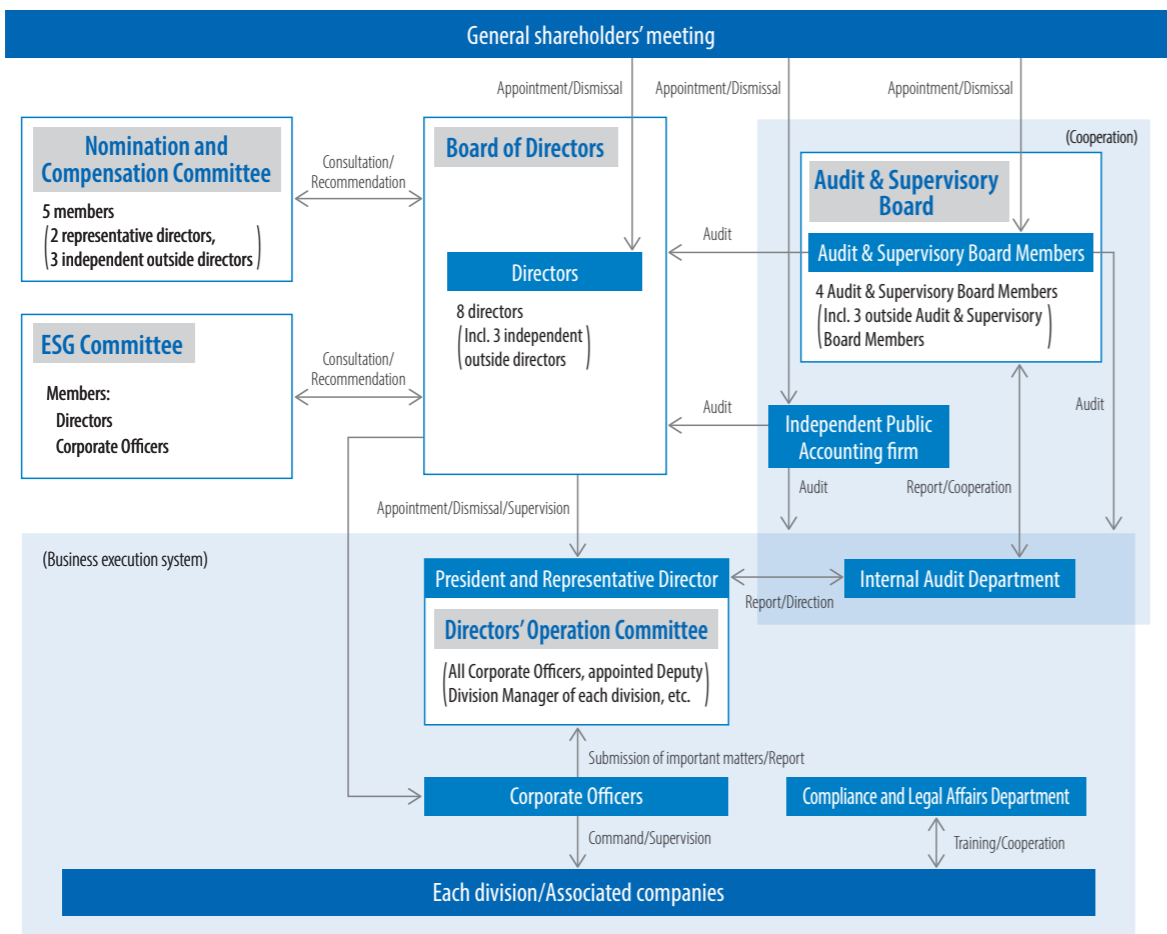
I understand that it can be difficult to navigate the distance between Outside Directors and the executive side. I believe, however, that **it is of utmost importance to maintain a moderate sense of tension while communicating sufficiently**. The year 2025 marks 100 years since the Company was founded. We are committed to making a contribution—however small—to ISEKI's sustainable development and to satisfying the expectations of our stakeholders. We would be grateful for your continued support and encouragement.

Corporate governance

Basic Policy (Fundamental concept)

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



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.

Attendance to the Board of Directors and other Committee meetings (January to December 2023)

	Shiro Tomiyasu	Hajime Odagiri	Yukio Nawata	Masayuki Fukami	Shuichi Jinno	Kazuya Tani	Atsushi Iwasaki	Shoji Tanaka	Kazuo Nakayama
Board of Directors	17/17	17/17	17/17	17/17	17/17	17/17	17/17	17/17	17/17
Nomination and Compensation Committee	9/9	9/9	—	—	—	—	9/9	9/9	9/9
ESG Committee	12/12	12/12	12/12	12/12	12/12	12/12	12/12	12/12	12/12

Main meeting bodies and committees

Internal
External (incl. Independent)
Internal Chair/Chairperson
Independent external Chair/Chairperson

Board of Directors	Overview	The Board of Directors 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.
	Members	<p>Chair: Independent Outside Director</p> <p>Internal Directors 5</p> <p>Independent Outside Directors 3</p> <p>Ratio of Independent Outside Directors 38%</p>
Audit & Supervisory Board	Overview	The Audit & Supervisory Board consists of four Audit & Supervisory Board Members, of which three are Outside Audit & Supervisory Board Members. 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.
	Members	<p>Chair: Internal Audit & Supervisory Board Member</p> <p>Internal Audit & Supervisory Board Member 1</p> <p>Outside Audit & Supervisory Board Members 3</p> <p>Ratio of Outside Audit & Supervisory Board Members 75%</p>
Nomination and Compensation Committee	Overview	ISEKI has established the Nomination and Compensation Committee 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.
	Members	<p>Chairperson: Independent Outside Director</p> <p>Internal Directors (Representative Directors) 2</p> <p>Independent Outside Directors 3</p> <p>Ratio of Independent Outside Directors 60%</p>
ESG Committee	Overview	ISEKI has established the ESG Committee 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.
	Members	<p>Chairperson: Independent Outside Director</p> <p>Directors and Corporate Officers</p>

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 ended 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.

Composition of the Board of Directors, and Policy on the Appointment of Directors, etc.

The Company's Board of Directors is composed of Directors with a diversity of different fields of specialization and experience. Proposals for election and dismissal of Directors to the General Meeting of Shareholders and selection and removal of Representative Directors are considered in accordance with the following criteria.

1 Criteria for the appointment of Directors

- Has appropriate personalities as Director
- Has outstanding leadership
- Has abundant capability, knowledge, and experience in the specialized field
- Appointment is considered in a comprehensive manner taking into account the Company's situation and governance structure at that time

2 Criteria for the selection of Representative Directors

- Fulfills the appointment criteria for Directors
- Has a company-wide perspective as well as abundant capability, knowledge, and experience in corporate management
- Experience in the overseas business is considered
- Appointment is considered in a comprehensive manner taking into account the Company's situation and governance structure at that time

3 Criteria for dismissal of Directors and the removal of Representative Directors

- Upon committing an act that violates laws, regulations, and the Articles of Incorporation
- When acknowledged that it is difficult to perform duties due to deteriorating health
- When acknowledged to have significantly damaged the Company's corporate value
- When acknowledged to have lost the capabilities and quality stipulated by the appointment or selection criteria

The appointment of Corporate Officers is based on comprehensive consideration from the perspective of whether they will be able to execute management and business duties accurately and responsibly in accordance with the basic management policy decided by the Board of Directors. Proposals to the General Meeting of Shareholders regarding the election of Audit & Supervisory Board Members are based on comprehensive consideration from the perspectives of whether candidates possess knowledge and experience in finance, accounting, and their fields of specialization, and whether they understand all aspects of the Company's business.

Proposals to the General Meeting of Shareholders regarding the election of Outside Directors and Outside Audit & Supervisory Board Members are based on comprehensive consideration from the perspectives of whether candidates possess abundant knowledge and experience in their respective fields, and whether they will be able to utilize this knowledge and experience to strengthen the Company's supervisory function, in addition to the independence requirements stipulated under the Companies Act. In addition to the independence criteria prescribed by the Tokyo Stock Exchange, the Company requires Outside Directors and Outside Audit & Supervisory Board Members to satisfy its Independence Standards for Outside Directors/Audit & Supervisory Board Members. In addition, the Company selects candidates for the position of Outside Director or Outside Audit & Supervisory Board Member who will be able to accurately advise and supervise the Company's management, with an emphasis on a high degree of specialization and abundant experience.

Cross-Shareholdings

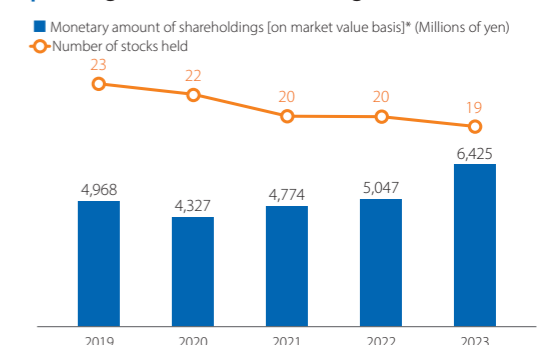
The Company believes that maintaining and strengthening long-term, stable business relationships with trading partners through the process of manufacturing and selling agricultural machinery leads to the enhancement of the Company's medium- to long-term corporate value and is crucial to stably deliver "products that satisfy customers" as an integrated manufacturer specializing in agricultural machinery. For this reason, the Company holds shares in other companies where deemed necessary for the purpose of contributing to the enhancement of the Company's medium- to long-term corporate value through the maintenance and reinforcement of harmonious business relationships vital for the Company's business activities.

The significance of each shareholding, in terms of factors such as its benefits and risks, and with reference to the cost of capital, is validated each year by the Board of Directors. Where, as a result of this validation, it is deemed that a shareholding is not meaningful because it cannot be expected to contribute to enhancing the Company's medium- to long-term corporate value, the sale of that shareholding will be considered.

▶ Criteria for the exercise of voting rights

The Company makes comprehensive decisions regarding the exercise of voting rights associated with each shareholding, based not only on the management policy and business status of the issuing company and whether exercising voting rights will lead to the enhancement of the Company's medium- to long-term corporate value, but also through dialogue and other communication with the issuing company, as necessary, concerning whether this would contribute to the common good of shareholders.

Changes in cross-shareholdings (listed stock)



*The monetary amount of shareholdings increased due to an increase in share prices

Corporate governance

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.

<p>Target</p> <p>All Directors and Audit & Supervisory Board Members</p>	<p>Main items for appraisal</p> <ul style="list-style-type: none"> ● Members and operation of and discussions at Board of Directors meetings ● Monitoring function for Board of Directors meetings ● Support system for Directors and Audit & Supervisory Board Members ● Training ● Dialogue with shareholders (investors) ● Own efforts and review
<p>Methodology of questionnaire</p> <p>Anonymous survey</p>	<p>Efforts for analysis of results and solution of issues</p> <ul style="list-style-type: none"> ● Analysis of the results of questionnaires and interviews at a third-party organization ● Debriefing sessions organized by a third-party organization ● Implementation of initiatives toward a solution
<p>Methodology of interview</p> <p>Individual interview to targeted subjects by a third-party organization</p>	

(Reference) Results of questionnaire

Please see below for some of the results of FY2023 questionnaire.

The questionnaire about "members of Board of Directors meetings" was given in the form of an open-ended question. "Operation of Board of Directors meetings" and "discussions at Board of Directors meetings" were assessed on a scale of one to five.

	YoY change	Key opinions, questions where assessment has been changed
Members of Board of Directors meetings	— (open-ended question)	<ul style="list-style-type: none"> ● The number of the Board of Directors is large ● The appointment of Directors who have experience in manufacturing department is desired ● The development and appointment/promotion of female talents to Directors or managers are required
Operation of Board of Directors meetings	↗	<ul style="list-style-type: none"> ● Timing for submission of matters to and the number of items to be deliberated at the Board of Directors ● Timing for advance briefings on matters to be deliberated at Board of Directors meetings, and contents of the briefings ● Quality of presentations at Board of Directors meetings
Discussions at Board of Directors meetings	↘	<ul style="list-style-type: none"> ● Setting of KPIs so as to enable the Company to achieve sustainable growth in financial and non-financial aspects ● A regular review of business portfolio from the perspective of sustained profitability and capital cost ● Discussions about the contents and quality of information to be disclosed, methods of disclosure, etc. toward the enhancement of information disclosure

Initiatives to support Outside Directors and Outside Audit & Supervisory Board Members

The following initiatives are implemented to support Outside Directors and Outside Audit & Supervisory Board Members.

Distribution of materials and advance briefing	We distribute materials for Board of Directors meetings in advance and hold an advance briefing on important agenda items to be brought up for discussion to the Board of Directors.
Briefing on businesses and office tour for newly appointed Outside Directors and Outside Audit & Supervisory Board Members	We provide newly appointed Outside Directors and Outside Audit & Supervisory Board Members with an opportunity of a briefing on ISEKI Group's businesses and a tour of an office other than the Group's Tokyo Headquarters after they assume their offices.

Messages from newly appointed Outside Directors

Generating singular value through highly transparent, multifaceted management decisions

My name is Eiko Kisogawa, and I have been newly appointed as an Outside Director. I previously worked in the life insurance industry, where I was involved in operational reforms based on customer feedback, executing system projects, establishing processes related to risk management, and overall corporate management. Though we are in different industries, I believe that the fundamentals of business are the same: how to capitalize on customers' requests or potential needs and transform them into products or services, and how to make new proposals beyond the imagination of customers. My intent is to leverage my experience and information to the fullest.

Looking at Japan's business environment, there are quite a few issues, including climate change and economic turmoil sparked by wars in other countries. In resolving these global issues, Japanese companies are expected to play a key role. Naturally, it is important that we continue to be staying close to our customers from a global perspective and be a company that resolves social issues, and further increase our significance of existence. As an Outside Director, I will work to ensure a transparent, rational management decision-making process through multilateral discussions from an independent, objective standpoint. At the same time, I intend to heighten the effectiveness of the Board of Directors by confirming the major direction of our corporate strategy to achieve our unique value creation, and by supervising the execution of the Board's duties. To achieve sustainable growth and raise our corporate value over the medium- to long-term, I am committed to building a more robust management structure based on the corporate philosophy and corporate culture that we have held in high regard since the Company was founded.



Eiko Kisogawa Outside Director

As an attorney, a woman, and an "outsider"

My name is Fumiko Kishimoto, and I have recently been appointed as an Outside Director. During my 24 years as an attorney, I have resolved various disputes—mostly civil cases—ranging from inheritance-related matters for individual clients to legal matters for small and medium-sized companies. Five or so years ago, I began serving as an outside director and as an audit and supervisory board member for other companies, and am learning about corporate management in a more earnest way.

Given my background, I realize that what is expected of me as an Outside Director is a professional perspective on legal matters as an attorney, a female outlook with regard to diversity, and a layperson's viewpoint—in the most positive sense—in our area of business.

While continuing to work toward a deeper understanding of our company and industry, I will first sincerely acknowledge the current situation to strengthen the ISEKI Group's corporate governance and compliance. I will then determine what is necessary for the Company to achieve sustainable growth, and identify current issues. I believe that my role is to monitor risks and opportunities that I am able to see from my perch as an outsider to the Company and the industry. If I have any questions, I do not hesitate to raise them, and I believe that such efforts will lead to a more active Board of Directors and management with a sense of urgency.

I will do everything possible to make a positive impact on this company with its rich history while considering the expectations of our shareholders, investors, and other stakeholders, and I look forward to your continued support.






Fumiko Kishimoto Outside Director





List of officers

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 Responsible for Corporate Planning Department Responsible for Public & Investor Relations Section Responsible for Personnel Department In charge of Financial Department Jan. 2017 Director & Vice President Executive Officer of the Company In charge of Corporate Planning Department and Public & Investor Relations Section 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 Mar. 2020 Director & Senior Corporate Officer of the Company Mar. 2022 Representative Director & Senior Corporate Executive Officer of the Company (to present) Nov. 2023 Leader of "Project Z" 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 Deputy in charge of Compliance (to present) Jan. 2022 In charge of Personnel, Corporate Planning, and Investor Relations of the Company (to present)		●			●	●	●	
	Shuichi Jinno 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 In charge of Compliance 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 Director & Senior Corporate Officer of the Company (to present)	●				●		●	●
	Kazuya Tani Director & Senior 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 (to present) Mar. 2020 Director & Corporate Officer of the Company Jan. 2024 Director & Senior Corporate Officer of the Company (to present)		●	●					

(As of March 31, 2024)

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. Outside Director, OLYMPUS CORPORATION	●	●			●	●		
	Eiko Kisogawa Director [Significant concurrent position] MARUBUN CORPORATION Outside Director (Member of the Audit & Supervisory Committee) Outside Independent	Apr. 1984 Joined American Family Life Assurance Company of Columbus (currently Aflac Life Insurance Japan Ltd.) Apr. 2004 General Manager of Operations Division of American Family Life Assurance Company of Columbus Jan. 2010 General Manager of Administration Planning Department 2 of American Family Life Assurance Company of Columbus Jan. 2011 General Manager of Policy Maintenance Department of American Family Life Assurance Company of Columbus Jan. 2012 Vice President of Policy Maintenance Department, Premium Accounting Department 1 and Premium Accounting Department 2 of American Family Life Assurance Company of Columbus Jan. 2013 Vice President of Corporate Value Enhancement Program of American Family Life Assurance Company of Columbus Jan. 2016 President Chief Executive Officer of Aflac Payment Services Co., Ltd. Jan. 2018 Vice President of Administration Management Department and Customer Services Promotion Department of American Family Life Assurance Company of Columbus Jan. 2021 Corporate Adviser of Aflac Life Insurance Japan Ltd. Jun. 2023 Outside Director (Member of the Audit & Supervisory Committee), MARUBUN CORPORATION (to present) Mar. 2024 Director of the Company (to present)	●				●	●		●
	Fumiko Kishimoto Director [Significant concurrent positions] Attorney Outside Director (Audit and Supervisory Committee Member), NIHON DENGI CO., LTD. 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 Azusa Sogo Law Office Jun. 2019 Outside Director (Audit and Supervisory Committee Member), NIHON DENGI CO., LTD. (to present) Sep. 2021 Representative, Azusa Sogo Law Office (to present) Mar. 2024 Director of the Company (to present)					●	●		

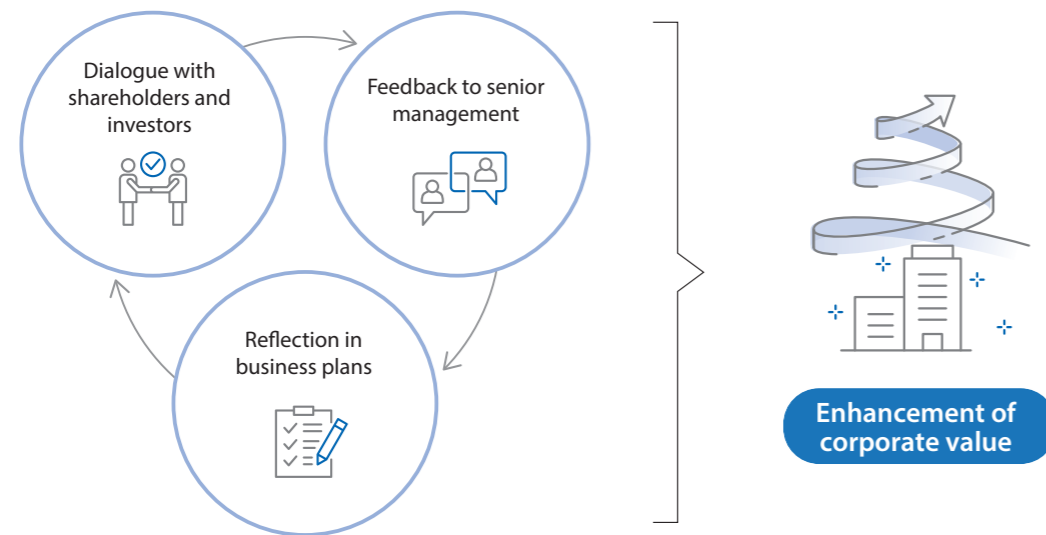
Audit & Supervisory Board Members

	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 Outside 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.
	Kentarō Morimoto Outside Full-time Audit & Supervisory Board Member Reason for appointment He has a wide range of insight, including extensive experience and expertise in finance and agriculture, forestry and fisheries in general, 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.		Mami Taira Outside Independent 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 (Audit & Supervisory Committee Member), FOOD & LIFE COMPANIES LTD.

Dialogue with shareholders and investors

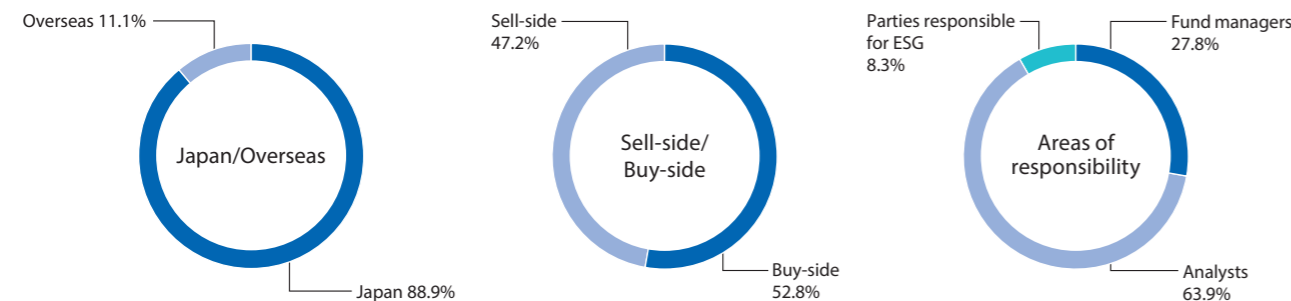
Basic Policy (Fundamental concept)

- The Company believes that, in achieving sustainable growth and enhancing its corporate value in the medium to long term, an important initiative is to build relationships of trust with shareholders and investors by explaining its management policies in detail and engaging in constructive dialogue with them. Dialogue with shareholders and investors is managed by officers in charge of business administration departments (the Public & Investor Relations Section, Corporate Planning Department, Financial Department, and General Affairs Department). These officers and departments actively engage with stakeholders through various opportunities including quarterly briefing sessions. Opinions obtained from dialogues are used to enhance information disclosures, fed back to senior management, and utilized for our business strategies. We believe that a series of these steps are essential for sustainable growth and the enhancement of our corporate value in the medium to long term.
- 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.



Status of dialogue with stakeholders (FY2023)

Attributes of stakeholders who participated in dialogue



Main themes and matters of interest

Performance-related matters Management strategies	<ul style="list-style-type: none"> ISEKI Group's strengths Demand trends in businesses Mid-term measures and progress Management conscious of capital cost and capital efficiency Management system for business portfolio 	ESG-related matters	<ul style="list-style-type: none"> Status of response to climate change Status of initiatives related to human capital Members of Board of Directors
		Share price and shareholder return	<ul style="list-style-type: none"> Issues and responses related to share price and PBR Direction of shareholder return policy

Opportunities for dialogue and ISEKI's coordinators

Types of dialogue	ISEKI's coordinators	2023 results	Method of meetings, sessions, etc.
Ordinary general meeting of shareholders	All Directors and Audit & Supervisory Board Members	Once	Face-to-face
Quarterly briefing sessions	All executive directors	4 times	<ul style="list-style-type: none"> Online or hybrid of online and face-to-face Briefing presentation materials and the substance of questions and answers posted on the Company's website
Individual meetings	Director in charge of investor relations, Director in charge of Finance, General Manager of Public & Investor Relations Section, and General Manager of Financial Dept.	21 times	Online or face-to-face
Presentation meeting	President and Representative Director, Director in charge of investor relations, and others	(held in 2022)	Online
Facility tours/New product presentations	President and Representative Director, Director in charge of investor relations, and others	2 times	Face-to-face
Facility tour for individual shareholders	President and Representative Director, Director in charge of general affairs, and others	Once	Face-to-face
Respond to inquiries	IR and general affairs departments	As required	Dialogue through the website, phone, email, etc.
(Reference information) Interviews with institutional investors and securities analysts	Conducted by an external contractor	5 times	Online

TOPIC

ISEKI conducts facility tour for individual shareholders

On November 18, 2023, ISEKI conducted a facility tour for individual shareholders at its Tsukubamirai Office, with the aim of letting its shareholders deepen the understanding of the Company's business activities and initiatives. With 55 shareholders joining the facility tour, the Company explained an overview of ISEKI Group and its initiatives aimed at promoting environmentally sound agriculture and smart agriculture. The shareholders watched a demonstration of a robot rice transplanter in addition to a tour of the exhibition hall at the Dream Agricultural Research Institute and a section for machines sold overseas and vegetable farming machinery.



Feedback to management executives

Opinions from shareholders and investors, their interests, and matters of concern learned through dialogue are reported as necessary to the management executives in a timely manner under the supervision of Public & Investor Relations Section. Information relating to the Company's business is fed back to related departments as needed to have it reflected in and used for improvement of business activities.

Details	Method of reporting	Frequency	Target
Individual meetings with investors or analysts Opinions, requests, etc. from shareholders and investors Indicators related to shares and share price information Reports on IR activities	An overview of the interview is reported	Each time	All Directors
	Information including an overview of the interviews and the status of share price is reported at a meeting of the Public Relations Liaison Committee	Monthly	Directors' Operation Committee members
	Information including an overview of the interviews and the status of share price is reported at a meeting of the Board of Directors	Every quarter	Members of the Board of Directors
Other reports (related to shareholders and investors)	Opinions from shareholders and investors and topics of great interest are reported at a top executive meeting	Monthly	President and Representative Director, and Director in charge of investor relations
	Information including shareholder composition and trends in shareholdings by institutional investors and others are reported as necessary	Each time	Directors' Operation Committee members, and others

Example that ISEKI incorporated shareholder views learned from dialogues

Opinions, requests, etc.	Response by ISEKI
Revisions or improvements in items concerning human rights and conflict minerals in the CSR Procurement Guidelines	We revised the CSR Procurement Guidelines in November 2021. The guidelines clearly indicate responsible mineral procurement and the prohibition of forced labor and child labor. https://www.iseki.co.jp/global/english/sustainability/social/

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

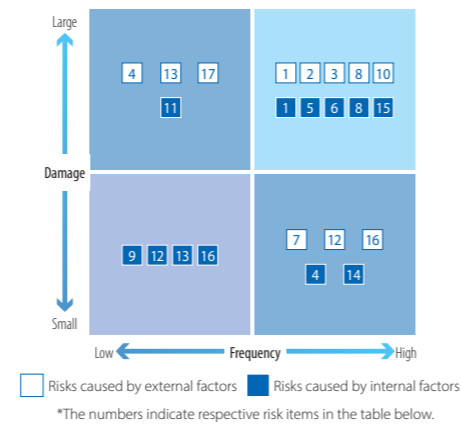
The Risk Management Working Group (WG) periodically identifies and evaluates risks, reevaluates magnitude of damage and frequency of occurrence, and examines countermeasures to foreseeable risks, in accordance with the risk management regulations to minimize the risk of causing damage or disadvantage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

Risk management system diagram



Risk mapping

ISEKI Group 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 as shown below. We recognize the possibility of the occurrence of such risks and strive to avoid their occurrence and take proper measures should they occur.

➔ Increase
➡ Same level
➡ Decrease

Risk item	Risk description	Response to risks	YoY change
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 farm workers 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 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 to 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 (Japan's 2024 logistics problem) 	<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. Order early and secure sufficient inventories when the supply of parts, etc. are expected to be delayed Conduct supplier credit checks, as well as CSR procurement questionnaires that include items on respect for human rights Optimize transportation means such as truck, vessel, and railroad containers and shorten freight waiting time 	➡
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 	➡

Risk item	Risk description	Response to risks	YoY change
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 examine whether to move on to the next stage for commercialization (design review) Carry product liability insurance, etc. 	➡
7 Stock market fluctuation	<ul style="list-style-type: none"> Impairment loss, loss on valuation, or loss on sale associated with significant decline in stock and market prices 	<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 	➡
8 Price decline in land and other fixed assets	<ul style="list-style-type: none"> 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"> Promote and follow up on "Project Z" initiatives Operational efficiency improvement and cost reduction through integrating the operations of factories (Matsuyama and Kumamoto) Integrate sales subsidiaries in Japan to streamline indirect operations and review distribution systems to lower distribution costs 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 	➡
9 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: Develop products compliant with environment regulations in Japan and overseas, and 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 	➡
10 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, Middle East region, 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 	➡
11 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 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 	➡
12 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 Reduce impact on business activities in the event of contingency Adopt flexible workstyles, such as working from home and staggered attendance Take advantage of the internet for meetings and event administration 	➡
13 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 Deliberation and monitoring by investment management committee Discuss measures to minimize the financial impact when intended effects are considered unlikely to be achieved 	➡
14 Debt	<ul style="list-style-type: none"> Increased borrowing costs due to a hike in interest rate Increase in borrowings caused by increased inventories 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 Secure credits to diversify financing methods Reduce inventories through efficient stock management following management integration of wide-area sales subsidiaries in Japan Prepare for rapid fluctuation of interest rates Combine various loan conditions such as fixed interest rates 	➡
15 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 Provide support for career development through the Group's open recruitment system Create a sound, employee-friendly workplace environment Enhance employee engagement by using the talent management system 	➡
16 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 	➡
17 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] <ul style="list-style-type: none"> Utilize renewable energy, such as solar power Power boilers with waste heat from in-house power generation facilities [Business opportunities] <ul style="list-style-type: none"> 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 Business alliances with other companies regarding J-Credit initiatives Take the following measures under the 4°C scenario [Impact reduction] <ul style="list-style-type: none"> Continuously review business continuity plans Review product lineup and sales channels [Business opportunities] <ul style="list-style-type: none"> Introduce technology to replace agricultural work with robotic agricultural machinery Perform autonomous analysis of weather data and growth data using AI 	➡

Compliance

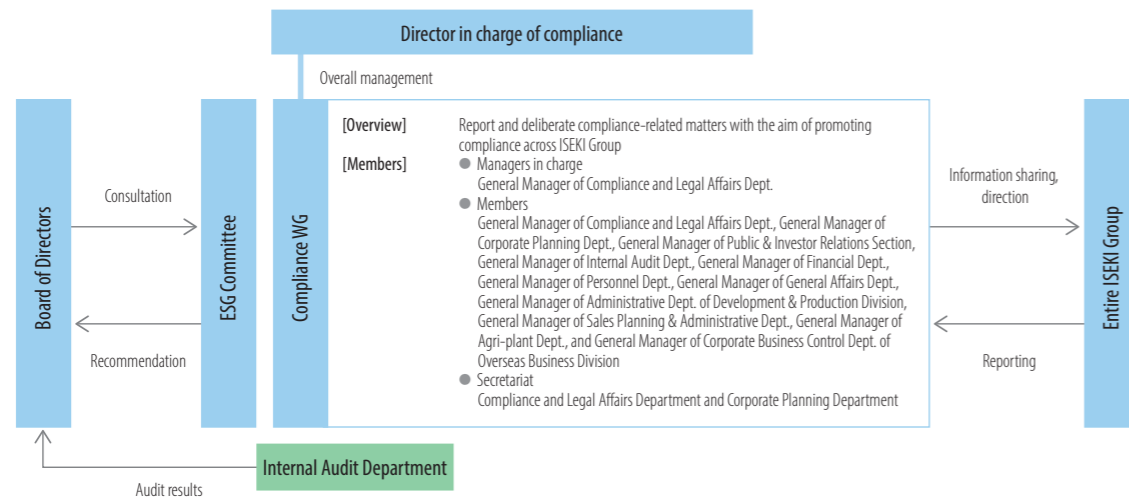
Basic Policy (Fundamental concept)

- ISEKI Group will fulfill its responsibilities as a member of society and 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. The Compliance and Legal Affairs Department is responsible for ensuring that Group employees maintain and enhance awareness toward ethics, and promoting overall compliance activities. The Department also administers 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.



Compliance education and enlightenment activities

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

Activities for enlightenment

<Activities for compliance penetration and enlightenment>

Thorough implementation of the "ISEKI Group Code of Ethical Behavior"

In 2023, the Company has revised and distributed the "ISEKI Group Code of Ethical Behavior" to all employees of the Group to ensure once again that all business activities meet corporate ethical requirements.

Awareness-raising by issuing "Compliance News"

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 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 rank-based training programs

Training name	Target
Sales subsidiary president meetings	Presidents of sales subsidiaries
Manager meetings	Managers of affiliated companies
Rank-based training programs	Employees of each rank

Training by theme

Training name	Target
Training related to whistle-blower system	All employees
Harassment (abuse of authority) prevention	All employees
Personal information protection	All employees
Basic training for Subcontract Act	All employees*
Training for Subcontract Act	Development departments*
Response to anti-social forces	All employees
Unfair competition prevention	Employees in middle and higher ranks*
Prevention of bribery involving foreign public officers, etc.	Overseas departments, overseas subsidiaries
Facility personnel training	Facility departments

*Conducted by ISEKI & CO., LTD. (non-consolidated)

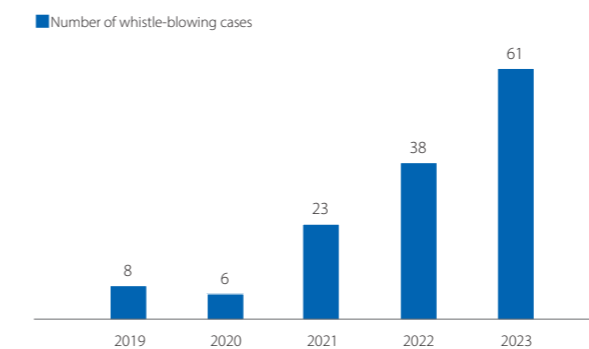
Examples of initiatives undertaken

Whistle-blower system

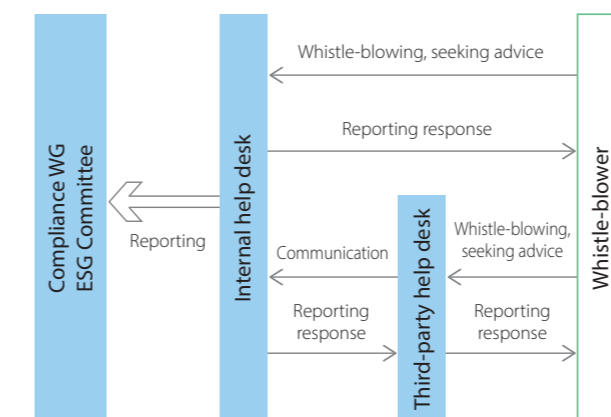
ISEKI Group has a group-wide whistle-blower system (Ethical Hotline) for the use of all employees, retirees and suppliers. The aim is to enable early detection of problems within the Company and minimize risks caused by the occurrence of corporate scandals. In addition to an internal help desk established in the Compliance and Legal Affairs Department, 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 provides support in multiple languages including English, Chinese, Thai, and Indonesian.

In 2023, the degree to which the whistle-blower system is known across the Group increased mainly due to an updated poster for the system and distribution of portable cards to employees again, and thus the system handled 61 cases. The cases were responded with consideration given to the protection of whistle-blowers and privacy of relevant parties, and their summaries have been reported to the ESG Committee.

Number of whistle-blowing cases



Whistle-blower system diagram



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 fair trade and prevention of corruption

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

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.

In addition, initiatives aimed at achieving appropriate price pass-through, which ISEKI Group has implemented in accordance with "the Guidelines on Price Negotiation for Appropriate Pass-through of Labor Costs" published by the Japan Fair Trade Commission, are monitored by the Compliance WG.

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 FY2023, the Group was subject to no legal action due to corrupt practices.

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.