

Sustainability Governance

IHI Group’s ESG Management & Sustainability Issues

The IHI Group’s management philosophy declares that we contribute to the development of society through technology, and that human resources are our single most valuable asset. Since our establishment in 1853, we have contributed to solving social issues facing era after era. Aiming to realize a sustainable society and achieve sustainable growth as a company, the IHI Group’s ESG Management was announced in November 2021, stating we would face head on social issues as they change over time, give consideration to the natural environment and to society more than ever before, and find business opportunities in solving those issues. A goal of the IHI Group is to create a world where nature and technology work in unity. This means creating a society offering all people, including future generations, prosperous

and secure lives to realize sustainability in both the global environment and people’s lifestyles. To this end, the IHI Group sets becoming carbon-free, preventing and mitigating disasters, and materialize fulfilling lifestyles as social issues that must be addressed. As a measure against climate change, which has become a problem on a global scale, we will work ‘to mitigate’ by reducing greenhouse gas emissions, and ‘to adapt’ and reduce damage by preparing for the effects of climate change, to materialize fulfilling lifestyles. The IHI Group believes that "respect for human rights" and "diversity, equity, and inclusion" are important in addressing social issues, and that "securing and maintaining stakeholder trust" through ESG management should be a priority.

☉ Climate change

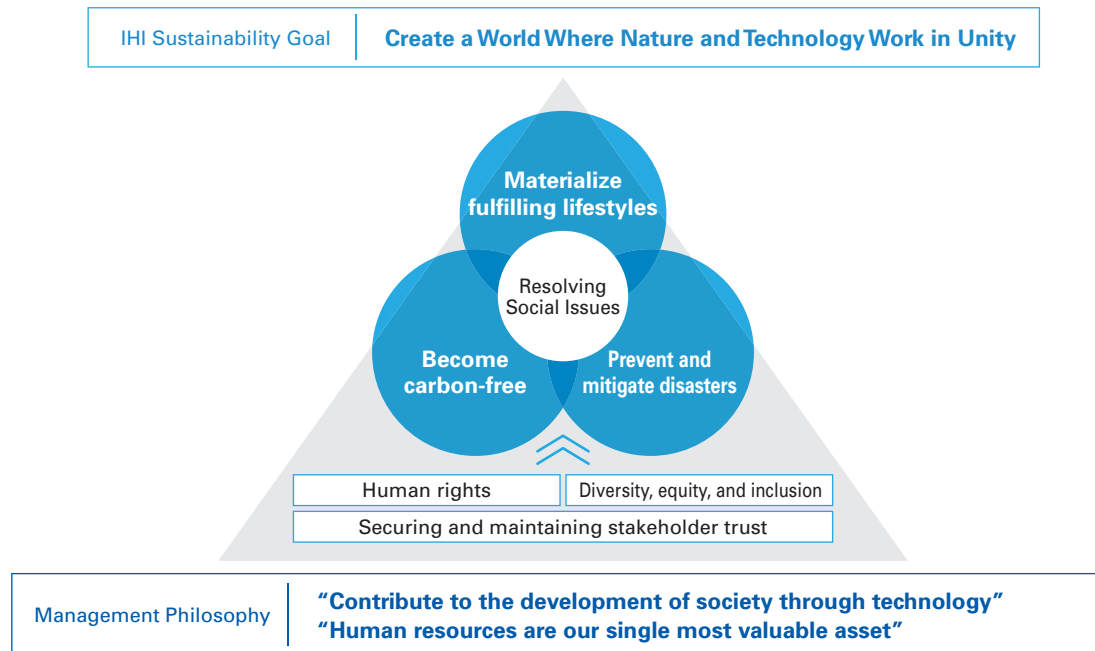
The IHI Group pledges to achieve carbon neutrality for its entire value chain by 2050. We aim to be carbon neutral in our processes overall by reducing the direct and indirect Scope 1 and 2 GHG emissions from our business activities as well as Scope 3 emissions from the upstream and downstream processes in our value chain. Specifically, our efforts will be in two stages: transition which utilizes existing technologies; and transformation, based on new technologies.

The IHI Group will also aim to realize a safe, secure, and comfortable community by building a system integrating disaster and damage prediction as well as infrastructure to achieve a disaster-resistant, economical infrastructure and eliminate human casualties. Using as a strength our accumulated knowledge related to advanced maintenance centered on bridges, we will expand our business in maintaining infrastructure timely and appropriately by using sensing & monitoring technologies and further developing preventative diagnosis technology. We will work to equip communities with a dual-use infrastructure that is tough during emergencies and comfortable during normal times.

☉ Respect for human rights

The Basic Code of Conduct for the IHI Group sets forth what we should do to maintain awareness of global issues and meet the expectations of all our stakeholders. The “IHI Group Human Rights Policy” was formulated in December 2020 based on this code. Through awareness-raising activities regarding human rights based on international standards, we will actively fulfill our responsibility in respecting human rights of all by promoting a corporate culture respectful of human rights and initiatives throughout our business activities for respecting human rights. With regard to the supply chain, the IHI Group Procurement Policy stipulates that we undertake CSR procurement fulfilling social responsibility in cooperation with business partners. Through the value chain, we will work to achieve enriched lives for all by preventing and mitigating negative impact from our business activities on stakeholders and rights holders.

● IHI Group ESG Management



Sustainability Governance

◎ Diversity and inclusion

To achieve a sustainable society, it is necessary to accept diversity and accurately understand and respond to changes in the environment.

The IHI Group considers 'diversity, equity, and inclusion' that respects and accepts diversity of human resources to be an important sense of value, and will enhance the workplace to ensure that human resources with diverse backgrounds, experience, and views have the means to fully leverage their skills. We offer programs for each employee to nurture broader experiences and open minds along with a wide range of opportunities.

In order for diverse human resources to play an active role, it is necessary for each and every employee to understand the management philosophy of contributing to the development of society and the goal of realizing a society in harmony with nature, and to be aware of the company's

mission. The IHI Group believes that it is essential for the company and its employees to be aligned as an organization and as individuals, and to maintain a relationship that contributes to each other's growth.

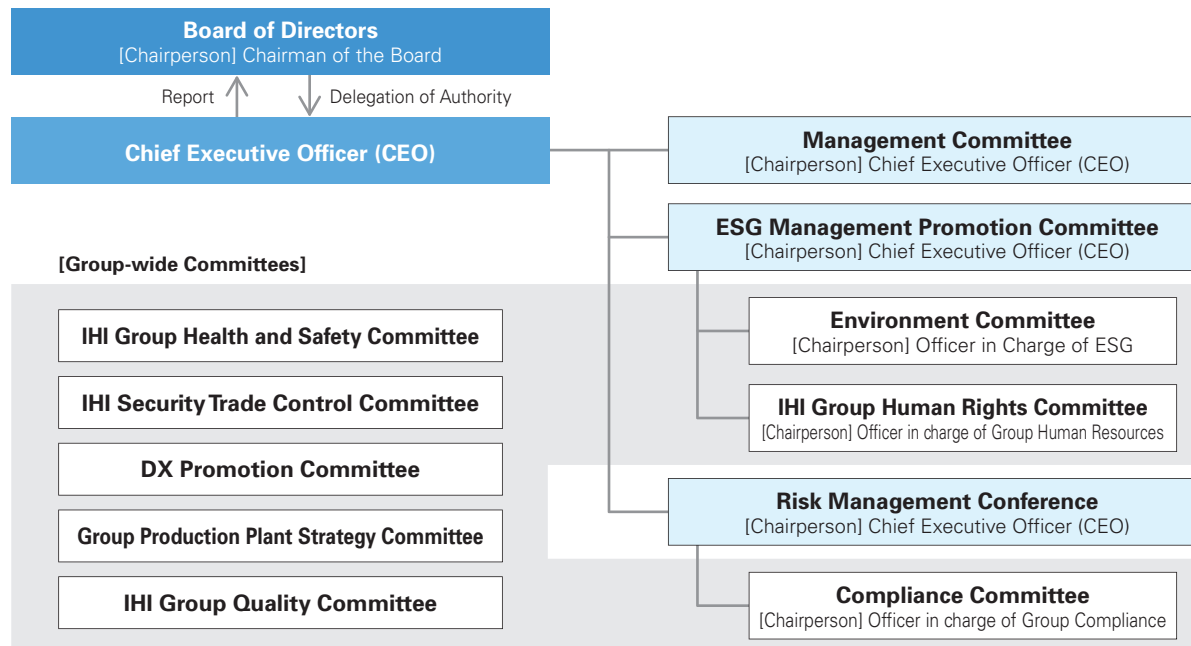
◎ Securing and maintaining stakeholder trust

To solve social issues through business and enhance corporate value, the IHI Group believes it is important to create a foundation that enables inherent strengths of the Group to be maximized and to actively hold dialogue with all stakeholders.

Sustainability Promotion System

To achieve a sustainable society, the IHI Group believes it is necessary to conduct management that clearly indicates sense of value regarding contribution to and responsibility for the environment and society, and governance in realizing them.

● Sustainability Promotion System



The ESG Management Promotion Committee has been set up as a forum to identify as material issues matters that are important in such ESG management, and discuss and make decisions on initiative policies, promotion systems, and action plans. The ESG Management Promotion Committee is chaired by the CEO and meets twice a year in principle.

Group-wide committees are set up for issues involving the entire group such as the environment, human rights, and compliance, enabling a structure that allows specific measures by divisions to reflect policy deliberations and decisions of committees.

Among discussions of such conferences and committees, matters involving decision-making crucial for management are deliberated by the Management Committee which is the decision-making body for management execution, and is submitted to the Board of Directors.

◎ Activities of the ESG Management Promotion Committee

Main themes discussed in fiscal 2022

1. ESG management achievements and issues in fiscal 2022
2. E: Activities regarding climate change
3. S: Activities regarding human rights and diversity and inclusion
4. G: Activities regarding securing and maintaining stakeholder trust

Main Initiatives for Fiscal 2023

IHI Group's ESG Management will be carried out in fiscal 2023 from both top-down and bottom-up approaches so that it can be disseminated throughout the Group. Specifically, communicating the progress of ESG Management to Group employees in an easy-to-understand manner will be a measure put in place to allow individuals to feel it relate to themselves and act accordingly, while executives can monitor progress of ESG Management from a comprehensive perspective.