

IHI Integrated Report 2024

Contents

I VISION STORY

- 005 Management Message
- 014 Management Philosophy/
IHI Sustainability Goal
- 015 Product Chronology
- 017 Transformation History of
Business Portfolio
- 019 Product Overview
- 021 Response to Main Opinions
from Shareholders and Investors

II VALUE CREATION STORY

- 023 Business Model
 - 023 Value Creation Process Diagram
 - 025 Value-Creation Scenario to Achieve Vision
 - 027 Six Types of Management Capital
- 029 IHI Group Material Issues
- 031 Carbon Neutrality Tripartite Talk
- 037 Innovation Management Tripartite Talk
- 042 Message from the Managing
Executive Officer (Human Resources)
- 045 Message from the Executive Officer
(Finance & Accounting)
- 049 Progress of the
Group Management Policies 2023
- 052 Business Overview
- 057 Financial/Sustainability Highlights

III BUSINESS STORY

- 059 Conventional Businesses
- 061 Growth Businesses
- 065 Development-focus Businesses
- 069 Medium- and Long-Term
Business Portfolio Stance

IV SUSTAINABILITY STORY

- 071 Sustainability Management
- 073 Climate Change and Natural Capital
- 077 Human Talent Strategy
- 079 DE & I Roundtable
- 084 Human Rights
- 086 Supply Chain Management
- 087 Stakeholder Engagement
- 089 Corporate Governance
- 099 IHI Independent Directors
Roundtable

V DATA

- 105 Financial Summary
- 107 Sustainability Summary
- 111 Corporate Data/Share Information
- 113 Corporate Officers
- 116 Global Network

DISCLOSURE REPORT 2024

Concept of the IHI Integrated Report 2024

We have prepared this report with the aim of communicating the IHI Group's future aspirations for 2030 and 10 years from now for the better understanding of our stakeholders. The IHI Group's sustainability goal is to "Create a world where nature and technology work in unity", and the Group is moving toward a transformation into a company that creates value chains. We hope you can read from the Integrated Report that the Group's corporate management is aimed at sustainability transformation (SX) and enhancing corporate value, with a mindset that integrates financial and non-financial information.

Key Points

Management Message → p.005

In the Management Message, the Chief Executive Officer himself explains the determination to transform into a company that creates value chains. He also explains the approach to portfolio management, which is essential for the future growth of the Group, and the permeation of DE&I through the Group.

Carbon Neutrality and Innovation Management of the IHI Group Discussed by the Management

Carbon Neutrality Tripartite Talk → p.031 Innovation Management Tripartite Talk → p.037

The Chief Executive Officer and the Senior Executive Officers held a roundtable discussion to demonstrate the transformation into a profit-making company while contributing to the realization of carbon neutrality in society. In addition, a roundtable discussion was held among the three Executive Officers in charge to demonstrate the innovation management system that generates sustained, discontinuous growth.

Strategies of the Growth Businesses and the Development-focus Businesses Discussed by the Officers in Charge

Growth Businesses → p.061 Development-focus Businesses → p.065

Detailed explanations of the Growth Businesses and the Development-focus Businesses, which are the key to long-term value enhancement, are provided in the form of interviews with officers in charge of these businesses.

The IHI Group's DE&I Frontline and Challenges and Expectations of the IHI Group from the Eyes of the Independent Directors of the IHI Group

DE&I Roundtable → p.079 IHI Independent Directors Roundtable → p.099

The DE&I Roundtable introduces the business division's current initiatives intended to create returns while paying attention to fairness, and the Independent Directors Roundtable summarizes the key points of monitoring the Company's transformation into a value chain-creating company and its future growth.

The Vision Story demonstrates the entire value-creation scenario of the IHI Group, and is the backbone of this entire report. In particular, CEO Ide explains in his own words, focusing on what a value chain-creating company means, a policy that goes beyond the "Group Management Policies 2023". In addition, the history and products of the IHI Group are introduced clearly and concisely.

VISION STORY

I

The overall image of the IHI Group's value-creation scenario is summarized in this chapter. The Value Creation Story describes how the value creation process will create outcomes for society and the IHI Group, and contribute to sustainable growth in order to "create a world where nature and technology work in unity", which is what the IHI Group aims for.

VALUE CREATION STORY

II

The value creation process shown in the Value Creation Story is explained from a business perspective, with specifics on what strategies and initiatives are currently being undertaken and how they will lead to the future.

BUSINESS STORY

III

The value creation process indicated in the Value Creation Story is explained from the standpoint of the ESG management of the IHI Group. This chapter presents the current state of the IHI Group's four material issues: climate change; diversity, equity, and inclusion; human rights; and securing and maintaining stakeholder trust, as well as the IHI Group's strategy for moving toward its desired state.

SUSTAINABILITY STORY

IV

This data chapter lists and summarizes past performance for investors and other stakeholders to evaluate the IHI Group. We hope you will find the information useful in your analysis and dialogue.

DATA

V

Editorial Policy

“Please create a report that excites you!” This was a piece of advice we received from an investor last fiscal year. Until then, we had been concentrating on improving each piece of content based on the Integrated Reporting Framework, Guidance for Collaborative Value Creation, and feedback from investors and other stakeholders, but these words made us all think. We realized that what excites us is what excites our stakeholders as well.

We at the head office divisions are in a position to closely feel and see the overall picture of the IHI Group’s attempt to grow at an unprecedented scale and speed. In this fiscal year’s report, we tried to create a sense of expectation and excitement about the IHI Group’s future and the value-creation scenario that will lead to it.

President Ide stated that the policy for the IHI Group’s overall priority measures for this fiscal year is to “overturn the conventional ways”. We, the editorial team, have also reviewed the contents from scratch to improve the disclosure content. We will use this report as a tool to improve the quality of dialogue with our stakeholders and enhance effectiveness. We will ensure that the opinions and information we receive from the stakeholders are conveyed to the management team to continue to improve the management of the company.

Our company, which has celebrated its 170th anniversary, has grown together with many of our stakeholders to date. We will pass on to the next generation what our predecessors have handed down to us. We would like to ask our stakeholders for their candid opinions and guidance for our Group, more than ever before.

Editorial Team of the IHI Integrated Report

Scope

IHI Corporation and its major Group companies

Reporting Period

This report covers fiscal 2023, which began on April 1, 2023 and ended on March 31, 2024. However, information prior to and after this period may also be included.

Inquiries

Please contact us via the inquiry form on the IHI website.
https://www.ihi.co.jp/en/contact/form/form_ihi_20701.html

Guide to Disclosure

In response to the requests of stakeholders, the IHI Group discloses information through several mediums.

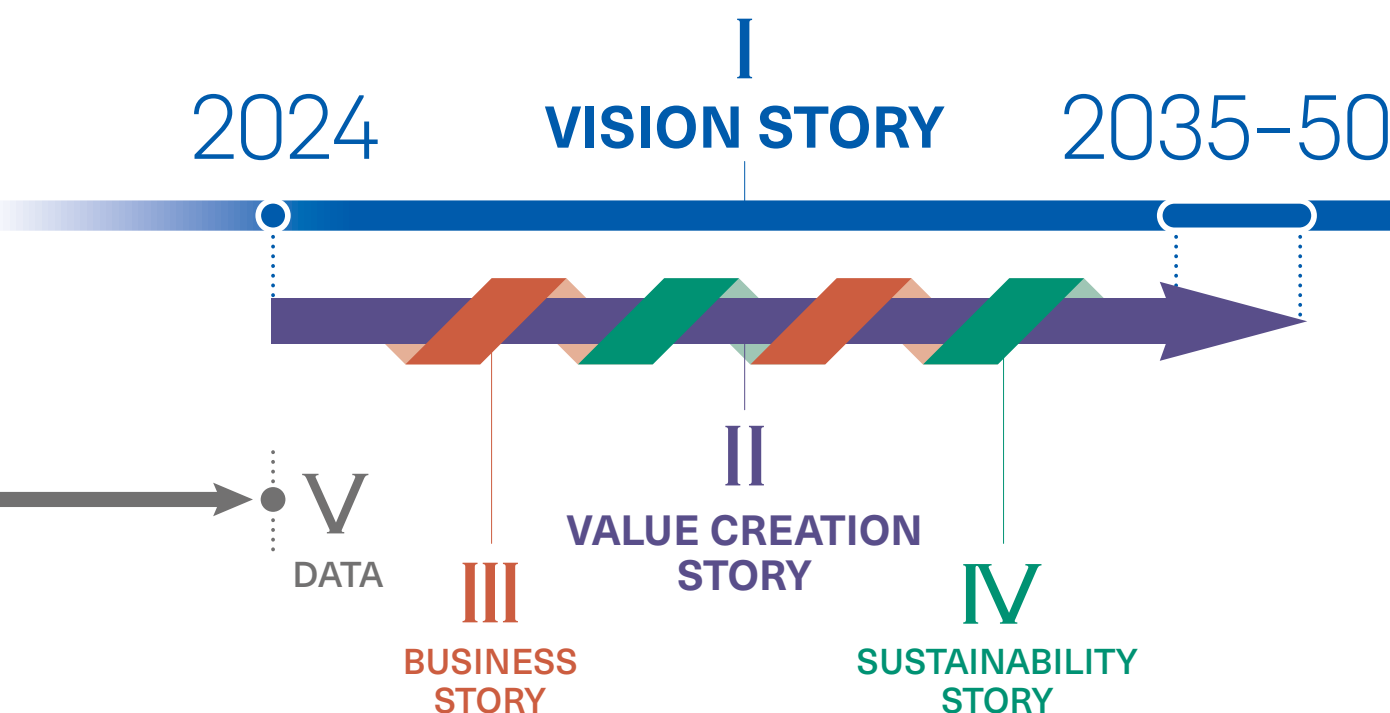
	Non-financial	Financial
Annual Report	• Integrated Report <ul style="list-style-type: none"> • [Sustainability Data Book] • [Corporate Governance Report] 	
Latest Information	<ul style="list-style-type: none"> • Website [Sustainability] https://www.ihi.co.jp/en/sustainable/	<ul style="list-style-type: none"> • Website [Investor Relations (IR)] https://www.ihi.co.jp/en/ir/

Questionnaire for the IHI Integrated Report (Microsoft Forms)

<https://forms.office.com/r/VrR12ExVa2>



Framework for Each Chapter



Management Philosophy

Contribute to
the development
of society through
technology

Human resources
are our single most
valuable asset

Our Sustainability Goal



Create a world
where nature and
technology work
in unity

“Use the power of technology to promote industry and advance our country”
Tomiji Hirano, founder of IHI's predecessor, Ishikawajima Hirano Shipyard, dedicated his life to pursuing this aspiration.
His spirit lives on in the unwavering and treasured values of the IHI Group Management Philosophy.