

Sustainability Management

IHI Group ESG Management

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. Aiming to realize a sustainable society and achieve sustainable growth as a company, we will face up to social issues as they change over time.

The 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 achieve that goal, the IHI Group redefined four social issues that the Group should work on, namely: "Achieving carbon-neutrality in the industry", "Achieving a global ecosystem resilient to climate change", "Building and improving industrial ecosystems", and "Economic, national, and energy security" in the "Group Management Policies 2023".

The IHI Group believes that "respect for human rights" and "diversity, equity, and inclusion" are important in addressing these social issues, and that "securing and maintaining stakeholder trust" through ESG management should be a priority.

Sustainability Promotion System

The IHI Group has a duty to contribute to society and the environment in a way that will realize a sustainable society. The Group knows ESG management with clearly defined values is essential to governance making these contributions possible. The Group has established the ESG Management Promotion Committee, with the Chief Executive Officer (CEO) as its chairperson, for the purposes of examining basic policies and specific activities for ESG management as well as evaluating their progress and making improvements. Additionally, the IHI Group has established a Group-wide Committee to address issues such as the environment, human rights, and compliance throughout the entire company. The Group developed a system in which the policies discussed and decided upon by each committee are represented in the specific activities of each division. Matters related to important decision-making regarding ESG management are reported to the Board of Directors as appropriate, and ESG management is implemented Group-wide.

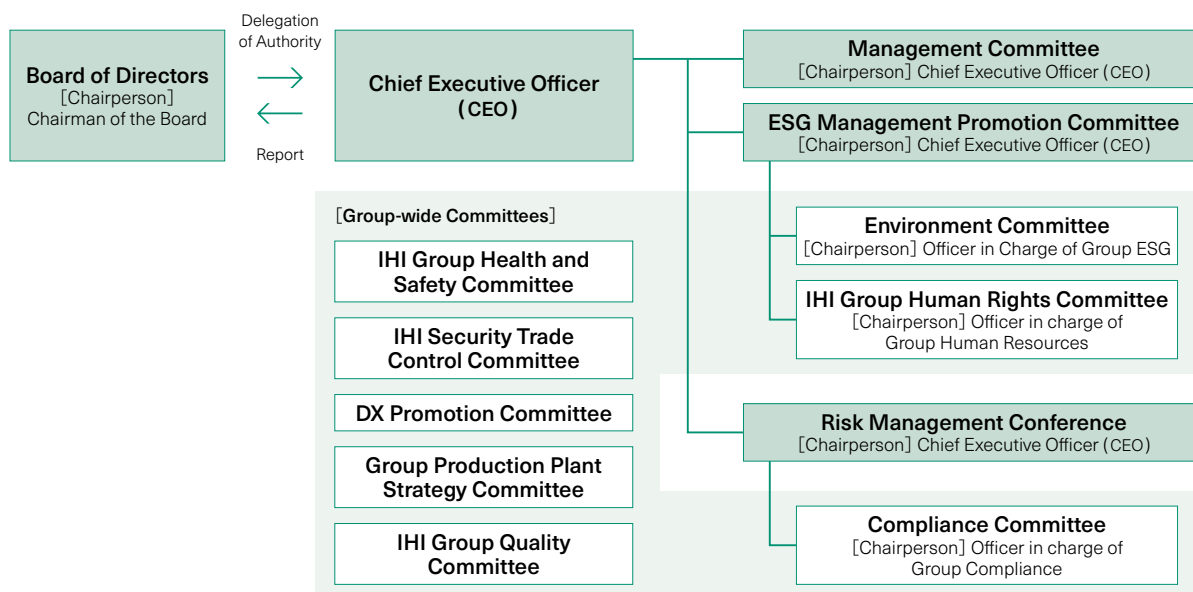
In fiscal 2023, an ESG Index which evaluates the initiatives on the reduction of greenhouse gas emissions, improvement of employee engagement, and promotion of DE&I, was incorporated in the incentive remuneration for Directors (excluding Representative Directors and Independent Directors) after a resolution by the Board of Directors. From fiscal 2024, the ESG Index is included in the individual performance evaluation based on the mission of each officer, for all officers except Independent Directors.

- **Activities of the ESG Management Promotion Committee**

- Main themes discussed in fiscal 2023**

- 1 | Reduction of greenhouse gas emissions
- 2 | Improvement of employee engagement
- 3 | Initiatives on the promotion of DE&I

Sustainability Promotion System



	Overview	Chairperson	Number of Meetings Held
ESG Management Promotion Committee	Discusses and makes decisions on initiative policies, promotion systems, and action plans for addressing the material issues important in ESG management.	CEO	In principle, twice a year. Additional meetings can be held at the call of the chairperson.
Environment Committee	As a subsidiary body of the ESG Management Promotion Committee, drafts environment-related action plans and promotes environmental activities through a PDCA cycle. The Chairperson reports and gives proposals to the ESG Management Promotion Committee.	Officer in Charge of Group ESG	In principle, once a year. Additional meetings can be held at the discretion of the chairperson.
IHI Group Human Rights Committee	As a subsidiary body of the ESG Management Promotion Committee, through awareness-raising activities regarding human rights based on international standards, promotes a corporate culture respectful of human rights and initiatives that respect human rights throughout business activities.	Officer in charge of Group Human Resources	In principle, once a year. Additional meetings can be held at the discretion of the chairperson.
Risk Management Conference	Oversees overall IHI Group risk management and discusses and approves important risk management matters.	CEO	In principle, once a year. Additional meetings can be held at the discretion of the CEO.
Compliance Committee	As a subsidiary body of the Risk Management Conference, deliberates and drafts important compliance policies and promotes activities.	Officer in charge of Group Compliance	In principle, twice a year. Additional meetings can be held at the discretion of the chairperson.