

Human Talent Strategy

We have the Group Human Talent Strategy 2023 in place and are implementing it toward attaining the following two targets under our “Group Management Policies 2023”: “Business transformation & business portfolio optimization to achieve strong, sustainable growth” and “Response to operating environmental changes and a corporate structure that enables transformation”.

Basic Concept of Group Human Talent Strategy 2023

• Ideal Vision for Future

In order to achieve business transformation and corporate structure reform, it is important to balance a good & strong company and personal growth & happiness. The IHI Group will promote the development of organizations and human capital capable of solving challenges faced by customers, industries and society by combining new leadership with agile self-transformation capability and thus committing to Goal achievement. Furthermore, by prioritizing the respect for humanity through the success and happiness of employees and new partnerships.

• Material Issues & Priority Measures

To achieve the sustainability vision for the future, fiscal 2023 will be positioned as a turning point in terms of an evaluation axis, time axis, and relationship. 3 material issues are addressed and 11 priority measures are implemented, aiming to induce behavioral transformation in all employees and foster an organizational culture capable of accomplishing reform.

Shift to Organizational Culture for Successful Transformation

Evaluation axis

Focused on improvement in continuation of conventional practices

→ Encourage Challenges for transformation

Time axis

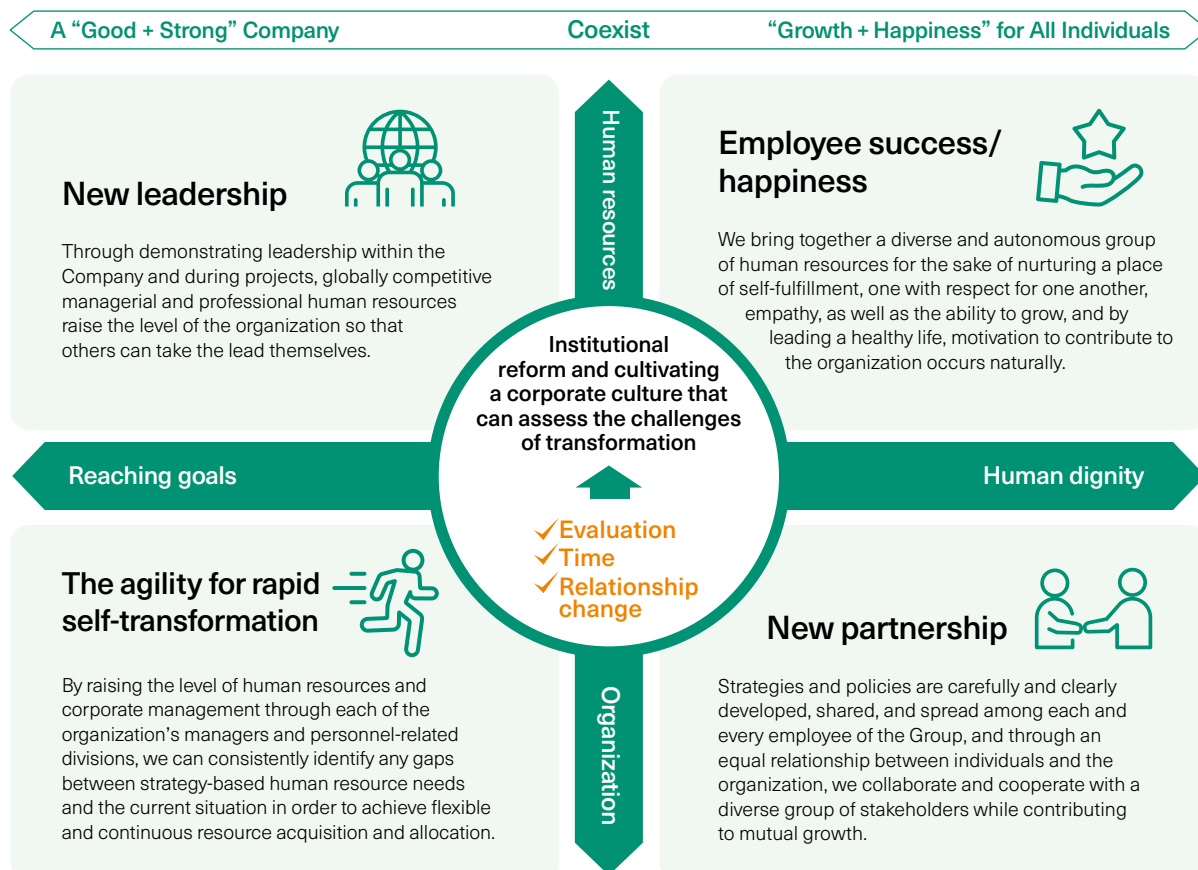
Preference for pursuit of perfectness over time spent

→ Preference for speed

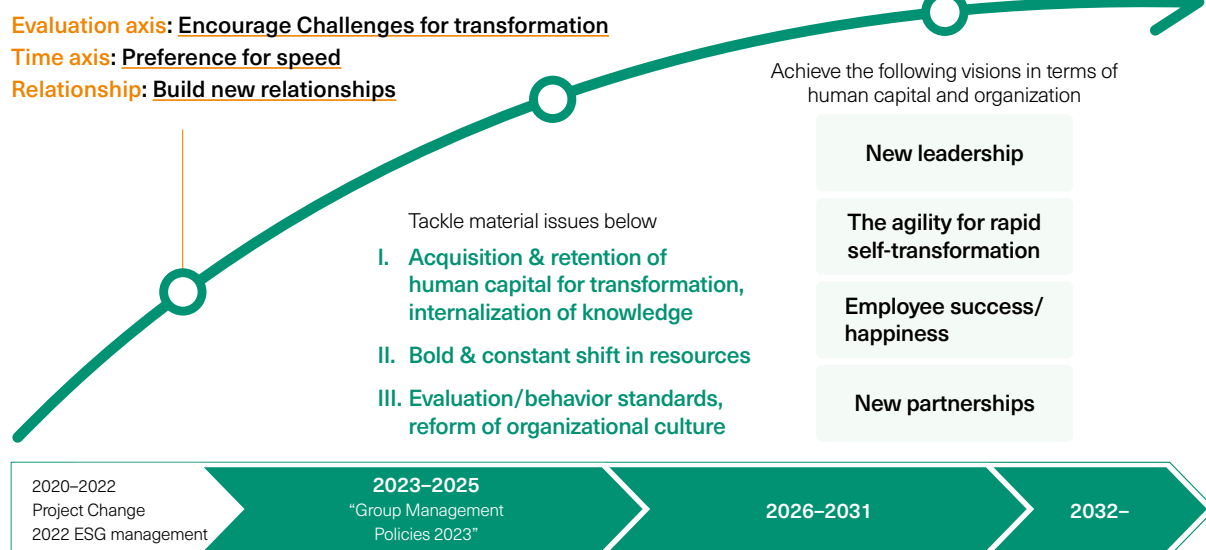
Relationship

Focused on own workplace or closed in-company network

→ Build new relationships



Human Talent Strategy: Ideal Vision & Material Issues



Progress of the Group Human Talent Strategy 2023

Material issues	Priority measures	Current status as of the end of fiscal 2023	Key points
I Acquisition & retention of human capital for transformation, internalization of knowledge	<ul style="list-style-type: none"> Coordinated acquisition of human capital for transformation Development & allocation of human capital for transformation (IHI Academy) 	<ul style="list-style-type: none"> Improved hiring process for mid-career hires. In the process of acquiring human capital where the IHI Group's expertise is lacking, mainly in the Aero Engine, Space & Defense Business Area Need to transition to a phase of internalizing the knowledge of human capital for transformation Continuing to review the system for developing management and specialist human resources (review of career design, human capital pool) 	<ul style="list-style-type: none"> In areas where the IHI Group's expertise is lacking, acquire systematically, instead of sporadically, human capital for transformation from external sources, ensure their retention and facilitate the internalization of their knowledge Change employment to system/practice matching labor market Manage human capital for transformation acquired from outside in a manner different from usual practice in terms of job description, reporting line, etc
II Bold & constant shift in resources	<ul style="list-style-type: none"> Establish organizational resource shift process Build organizational reskilling mechanism Promote self-directive career development 	<ul style="list-style-type: none"> Corporate divisions (Corporate Planning, Finance & Accounting, and Human Resources Divisions) led and collaborated with to transition to the formulation of proactive personnel plans based on a review of the business portfolio Need to manage the quality of human capital, personnel expenses, and differences between plans and results based on the personnel plan Need to further promote approaches to strengthen LCB in the Conventional Businesses in addition to a resource shift focusing on the demands of the Aero Engine, Space & Defense Business Area 	<ul style="list-style-type: none"> Identify talent requirements for areas of high urgency & high importance such as "specific LCB departments of Conventional Businesses", "specific projects", and "head office-related departments", and address them intensively Establish a resource shift process as soon as possible and operate it as a permanent one Promote self-directive career development and reskilling in an organized manner
III Reform of Evaluation/behavior standards, organizational culture	<ul style="list-style-type: none"> Change desirable means of evaluation & treatment Improve human capital management power of "employees in supervisory posts" Improve employee engagement Develop organizational culture based on ESG & well-being Empower diverse human resources (DE&I) Respect for human rights 	<ul style="list-style-type: none"> The direction of the IHI Group's transformation was communicated in the workplace and understanding improved through workshops on management policies and human capital strategy Conducted skill training for employees in supervisory posts. Continuing to develop systems and frameworks for management and specialists, and effect measurement with 360 degree feedback Need to revise the evaluation system to develop it into a wage and bonus system In the process of developing an environment that will lead to empowerment of women and diversity Continuing with activities to promote human rights awareness based on the Group Human Rights Policy 	<ul style="list-style-type: none"> Sort out uniform behavior standards/evaluation items such as "encouragement of challenges" and "prompt response to customers", and conduct a fresh institutional review of linkage between evaluation and development/treatment Incorporate evaluation standards focused on ESG/well-being into a variety of measures to develop them as organizational culture