

Supply Chain Management

Approach of Supply Chain Management

The IHI group's procurement activities are based upon the IHI Group Procurement Policy, which consists of three pillars: "Fair and Impartial Procurement", "Mutually Beneficial Partnership with our Business Partners", and "Approach to Compliance and Social Responsibility".

Each procurement department in the IHI Group conducts its procurement activities in accordance with the Basic Rules of Procurement for IHI Group which reflects the procurement policy described in the IHI Group Procurement Policy, and takes its social responsibility by building sustainable supply chains.

The IHI Group endorses the aims of the Responsible Minerals Initiative (RMI), an international organization leading procurement responsibility over mineral resources.

Initiatives with Our Business Partners

In fiscal 2022, the IHI Group published the "IHI Group Code of Conduct for Business Partners", which sets out specific requests and expectations for the Group's business partners, on its website.

In the Code of Conduct, the IHI Group asks all its business partners and their supply chains for considering human rights/labor, health and safety, the environment, fair trade/ethics, information security, responsible procurement of mineral resources, and so on, on top of basic requirements such as legal compliance, quality, price, and delivery.

In addition to the publication on the website, the Code of Conduct was notified to the existing business partners through notification letter and information session. A basic agreement that clearly stipulates the respect for the Code of Conduct is concluded with the newcomers.

In addition, the IHI Group shares and deliberates activity policies and measures related to human rights issues in the supply chain, as well as their results, at the IHI Group Human Rights Committee.

Risk Management for Strengthen Supply Chains

The IHI Group is globally promoting activities to strengthen its supply chain to prevent stagnation of corporate activities possibly caused by natural disasters, infectious diseases, conflicts, and emerged risks from the CSR procurement perspective, and so on.

In particular, the IHI Group, identifying important suppliers essential to business continuity, establishes its supply chain that is less susceptible to various risks.

• Risk Reduction Activities

IHI Group is undertaking the following activities to reduce risks (for further details, please see Sustainability Data Book 2024).

- ▶ Supplier Management Using Self-check Sheets
- ▶ Utilization of Sustainability Assessment Service "EcoVadis"
- ▶ Operation of Grievance (Remediation) Mechanisms
- ▶ Human Rights Risk Reduction Activities
- ▶ Procurement Responsibility over Mineral Resources including Conflict Minerals

• Responding to Anti-social Forces and Anticorruption

The IHI Group contractually requires business partners to prohibit all relationships with anti-social forces, and commits no acts of bribery toward foreign government officials as prohibited by the "Penal Code and the Unfair Competition Prevention Act" or against the laws enacted in the particular country. If any acts as said above are found, the IHI Group requests the relevant company(s) investigate and report it to the IHI Group.