







## The IHI Group's management capital

The IHI Group seeks to address social issues and achieve sustainable growth through the use of management capital.

	Vision	Input	Our awareness of the situation	Main improvement measures
<b>1</b>  <b>Human capital</b>	<p>The IHI Group has been strengthening human capital based on the “Group Human Talent Strategy 2023” linked with the “Group Management Policies 2023.” In order to achieve business transformation and corporate structural reform, we will implement human talent strategies aiming to balance a “Good + Strong” company and “Growth + Happiness” for all individuals.</p>	<p>*Fiscal year ended March 31, 2025</p> <ul style="list-style-type: none"> <li>● Revenue per employee <b>¥58.1</b> million</li> <li>● Ratio of female managers (non-consolidated) <b>5.8%</b></li> <li>● Ratio of female officers (non-consolidated) <b>29.4%</b></li> <li>● Number of employees with Ph.Ds <b>300</b></li> <li>● Training time and expense per employee 34.9hr, ¥40,432</li> </ul>	<ul style="list-style-type: none"> <li>● Bringing about change requires fresh ideas and insights from talent outside our organization</li> <li>● To transform into a company that “creates value chains,” behavioral change is required by each and every employee</li> </ul>	<ul style="list-style-type: none"> <li>● Aggressive recruitment of mid-career hires</li> <li>● Revision of evaluation and compensation systems to where any employee, may take on challenges freely and repeatedly</li> <li>● Introduction of the Career Challenge Program, an internal side job system, and a second job program</li> <li>● Development of management and professional human capital by the IHI Academy</li> </ul>
<b>2</b>  <b>Intellectual capital</b>	<p>We will work on technology development to continuously provide new value, aiming to solve issues faced by society and our customers. Aiming to expand Growth Businesses, create business in Development-focus Businesses, and strengthen the competitiveness of Conventional Businesses, we will conduct everything from basic research to practical application in collaboration with a variety of partners.</p>	<ul style="list-style-type: none"> <li>● R&amp;D expenses <b>¥39.9</b> billion</li> <li>● Number of patents held <b>8,016</b></li> </ul>	<ul style="list-style-type: none"> <li>● To survive and lead amid harsh global competition, we must remain at the forefront of cutting-edge ecosystems and cultivate robust partnerships with top-tier institutions and enterprises</li> </ul>	<ul style="list-style-type: none"> <li>● Introduction of an R&amp;D support system for technological innovation from a long-term perspective</li> <li>● Pursuit of open innovation with enterprises and research institutions and building a “coalition of the capable”</li> </ul>
<b>3</b>  <b>Financial capital</b>	<p>We will strengthen our cash flow generation and actively invest in business transformation to achieve sustainable high growth, while balancing the expansion of our financial base and shareholder returns. In returning profits to shareholders, we aim to provide stable increases in dividends.</p>	<ul style="list-style-type: none"> <li>● Total assets <b>¥2,240.3</b> billion</li> <li>● Total capital <b>¥508.6</b> billion</li> <li>● Interest-bearing liabilities <b>¥514.7</b> billion</li> </ul>	<ul style="list-style-type: none"> <li>● Achieved record-high figures in orders received, revenue, operating profit, and profit</li> <li>● Issues remain in generating cash flows</li> </ul>	<ul style="list-style-type: none"> <li>● Transformation of mindsets toward reducing working capital</li> <li>● Integrated management system for strategy and finance through Strategy and Performance Confirmation Meetings</li> </ul>

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<b>4</b>  <b>Manufactured capital</b>	Through our products and services, we aim to solve social issues and realize a safe, secure, and affluent society. We aim to establish manufacturing sites that place the highest priority on the safety and quality of our products and services, minimize environmental impact, and give full consideration to the safety of our employees.	<ul style="list-style-type: none"> <li>Capital expenditure <b>¥97.4</b> billion</li> <li>Works <b>6</b></li> </ul>	<ul style="list-style-type: none"> <li>New repair building at Tsurugashima Aero-Engine Works scheduled to start operation in FY2026</li> </ul>	<ul style="list-style-type: none"> <li>Improve production efficiency through DX</li> <li>Establishment of the Transformation Center in Growth Businesses</li> </ul>
<b>5</b>  <b>Social and Relationship Capital</b>	We uphold Human Rights, customer relationships, supply chain management, corporate citizenship, and others as material issues, strengthen engagement with the social and relationship capital, and engage with stakeholders in other countries and regions under the leadership of the top management.	<ul style="list-style-type: none"> <li>Relationship with business partners</li> <li>Engagement with stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>Engagement must be improved with various stakeholders to create value chains</li> </ul>	<ul style="list-style-type: none"> <li>IHI Group Human Rights Committee reorganized as the Human Rights and DE&amp;I Committee</li> <li>Human rights impact assessments (FY2022 to FY2024)</li> <li>Lectures on respect for human rights</li> <li>Contract concluded with EcoVadis to strengthen supply chain management</li> </ul>
<b>6</b>  <b>Natural capital</b>	We established the Environment Committee chaired by the officer in charge of ESG. The committee deliberates and determines the measures to address Climate Change, Circular Economy, and Conservation of the Global Environment in plants and offices. The environmental management system has been established at each primary production plant as we strive to enhance the level of environmental management.	<ul style="list-style-type: none"> <li>Energy consumption <b>2,218</b>TJ</li> <li>Water withdrawal <b>4,662</b> thousand m<sup>3</sup></li> </ul>	<ul style="list-style-type: none"> <li>Reduction of 9,000 t-CO<sub>2</sub>e by FY2024 against the target of 12,000 t-CO<sub>2</sub>e reduction in total Scope 1 and 2 emissions</li> <li>Coal-fired power generation boilers account for the majority of Scope 3 emissions. With the completion of new boiler construction, emissions are expected to decrease significantly from FY2026 onwards</li> </ul>	<ul style="list-style-type: none"> <li>Energy transition using fuel substitution technology with fuel ammonia</li> <li>Energy transformation through ammonia-fueled gas turbines, aircraft electrification, and fuel substitution</li> <li>Carbon solutions with carbon dioxide capture, utilization and storage (CCUS) and methanation technologies</li> </ul>
<b>Corporate culture that leverages capital</b>	<div> <div> <b>Our vision</b> A corporate culture in the IHI Group that values diversity and is founded in respect for human rights. Based on this culture, we encourage our employees to take on challenges without fear of failure in order to build businesses that solve social issues. </div> <div> <b>Improvement measures</b> <ul style="list-style-type: none"> <li>Taking ownership of DE&amp;I</li> <li>Establishing opportunities for dialogue between the president and employees</li> <li>Internal lectures on respect for human rights</li> <li>Compliance</li> <li>Creating safe and secure workplaces</li> </ul> </div> </div>			