

IHI Group Material Issues

The IHI Group has identified material issues to be prioritized to achieve sustainable growth as a company and realize a sustainable society. As part of Project Change, formulated in 2020, the IHI Group is striving to "Create a World where Nature and Technology Work in Unity" in the near future. By setting this goal, the social issues the Group need to address along with the values it aims to provide have been clarified. The Group has re-identified and revised its material issues according to the significance of each of the social issues to address with the goals of becoming carbon-free, disaster prevention and mitigation, and materializing fulfilling lifestyles.

Subsequently, IHI Group ESG Management announced in November 2021 aims to address the global challenge of climate change, respect the human rights of those involved in the Group's businesses, and empower diverse human resources as the driving force behind value creation. The Group has identified particularly important issues that should be prioritized as ensuring that its human resources are active and earning trust from its stakeholders through integrity management.

Identification Process of Material Issues



IHI Group Material Issues

Targets and results regarding material issues

	Material Issues		Vision	Metrics and Targets	Main Results for FY2024
Environment	Climate Change			<ul style="list-style-type: none"> 2050: Achieve carbon neutrality throughout the entire value chain FY2030: Reduce GHG emissions (Scope 1, 2) in half compared to FY2019 FY2025: Reduce GHG emissions (Scope 1, 2) by 12,000 t-CO₂e compared to FY2022 FY2025: Reduce energy consumption intensity by 3% compared to FY2022 	<ul style="list-style-type: none"> GHG emissions (Scope 1, 2): 197,274 t-CO₂e, reduced by 18,479 t-CO₂e (compared to FY2022) Energy consumption intensity: 13.6TJ/10 billion JPY, reduced by 19.6% (compared to FY2022)
	Conservation of the Global Environment		<ul style="list-style-type: none"> Reduce the environmental impact of the entire social system 	<ul style="list-style-type: none"> Environmental accidents: 0 Environmental law violations: 0 	<ul style="list-style-type: none"> Environmental accidents: 0 Environmental law violations: 0
	Circular Economy			<ul style="list-style-type: none"> FY2025: Reduce waste emissions by 3% or more compared to FY2022 FY2025: Reduce water withdrawal by 3% or more compared to FY2022 FY2025: Determine final disposal amount of more than 90 wt% of all waste 	<ul style="list-style-type: none"> Waste emissions: 21,942 t, reduced by 4.8% (compared to FY2022) Reduction in water withdrawal: 4,662 thousand m³, increased by 15.5%* (compared to FY2022) * Water withdrawal increased due to increased production Final disposal amount: 59.3 wt% of all waste was determined
Society	Diversity, Equity, and Inclusion		<ul style="list-style-type: none"> Employees are fully able to demonstrate their talents based on common values Connecting the power of diversity to value creation 	<ul style="list-style-type: none"> FY2030: Increase the ratio of female Officers to 30% or higher FY2030: Increase the ratio of female Managers to 15% FY2026: Increase the ratio of female Managers to 7% 	<ul style="list-style-type: none"> Ratio of female Officers: 29% Ratio of female Managers: 5.8% Ratio of female hires (university graduates): 19.8%
	Work-style and Operational Process Reforms		<ul style="list-style-type: none"> Improving productivity within the entire organization 	<ul style="list-style-type: none"> FY2026: Increase the ratio of female hires to approximately 20% among university graduates FY2026: Increase the employment rate of people with disabilities to 2.7% 	<ul style="list-style-type: none"> Employment rate of people with disabilities: 2.58% Employee engagement: 55 points (improved by 1 point compared to FY2023)
	Occupational Health and Safety		<ul style="list-style-type: none"> Ensure workplace environment in which all employees can work safely and in good health 	<ul style="list-style-type: none"> FY2024: Occupational health and safety rate Less than 0.6 (works divisions) Less than 1.2 (construction divisions) 	<ul style="list-style-type: none"> Cases of occupational accidents (injuries with no time lost or higher, in Japan): 66 Occupational health and safety rate: 1.21 (works divisions), 2.13 (construction divisions)
	Human Rights		<ul style="list-style-type: none"> Proactively fulfill the responsibility toward respecting human rights for all people 	<ul style="list-style-type: none"> Conduct human rights impact assessments for about 160 IHI Group Companies in three years 	<ul style="list-style-type: none"> Total number of companies conducting human rights impact assessments: 143 (of which 47 in FY2024) Established a reporting desk as a grievance mechanism that can be utilized by all stakeholders in the IHI Group's value chain
	Supply Chain Management		<ul style="list-style-type: none"> Build sustainable supply chains 	—	<ul style="list-style-type: none"> Selected 514 important first-tier business partners (24% of approximately 9,000 first-tier business partners)
	Corporate Citizenship		<ul style="list-style-type: none"> Engage in social contribution activities that enhance the value of the IHI Group while helping to foster the creation of a habitable and prosperous world 	—	<ul style="list-style-type: none"> Total expenditure for social contribution activities: 483 million JPY (49 million JPY decrease compared to the previous fiscal year)
	Customer Relationships		<ul style="list-style-type: none"> Pay full attention to the safety of the products and services and continue to improve the quality level of the products and services by confirming whether they satisfy customers and users 	—	<ul style="list-style-type: none"> QMS certification acquisition rate for IHI and subsidiary companies in Japan and overseas: 79% (57 out of 72 target locations)
Governance	Securing and Maintaining Stakeholder Trust	Corporate Governance	<ul style="list-style-type: none"> To earn the trust and support of the IHI Group's shareholders over the long term 	—	<ul style="list-style-type: none"> Introduced ESG Index for the purpose of promoting ESG management in performance-based bonuses (annual incentives) for Officer remuneration
		Compliance	<ul style="list-style-type: none"> Not only complying with laws and regulations, but also accurately understanding the changing values and demands of society and fulfilling its expectations 	—	<ul style="list-style-type: none"> Compliance Hotline reports: 246 (including 9 compliance violations) Competition law violations: 1 Anti-corruption law violations: 0
		Risk Management	<ul style="list-style-type: none"> Ensuring business continuity and the safety of Officers, employees, and their families; securing, preserving managerial resources, and maintaining public trust 	—	<ul style="list-style-type: none"> Formulated policies, identified issues, and considered corrective measures regarding risk management Clarified the roles and responsibilities of each business division and corporate division and implemented risk management activities
		Innovation Management	<ul style="list-style-type: none"> Keep providing solutions that help solve social issues through the engineering capabilities centering on "Monozukuri" technology Utilizing intellectual property as a key management resource in the business activities to help solve social issues and increase customer value 	—	<ul style="list-style-type: none"> Research and development expenses: 39.9 billion JPY Patent acquisitions: 598 Patents held: 8,016 (4,029 in Japan, 3,987 overseas)
		Information Security	<ul style="list-style-type: none"> Ensure the confidentiality of customer and business partner information, along with company management and technical information, etc. 	—	<ul style="list-style-type: none"> Information security measures evaluation: 3.8 (out of 5)
		Timely and Proper Disclosure	<ul style="list-style-type: none"> Honestly fulfill accountability for management direction and major operations 	—	<ul style="list-style-type: none"> Dialogue conducted with investors: 604 companies (180 Japanese investors, 424 overseas investors) Dialogue conducted with bond investors: 19 companies (12 bond investors, 3 banks, 4 financial institutions)