

Message from the Managing Executive Officer (ESG)



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Solving society's sustainability challenges as a method for strengthening competitiveness and creating value

Cultivating new markets to support social sustainability and enhance the IHI Group's competitiveness

Since its founding, the IHI Group has addressed social issues related to infrastructure and industry through technological solutions. Today, the global challenges of climate change, biodiversity, and human rights concerns have grown more pressing and complex. These evolving

challenges call for a fundamental reexamination of the role of corporate activities and their relationship with society. The IHI Group is responding by reassessing its understanding of these issues, placing sustainability at the core of its management, and continuing its transformation into an enterprise that leverages sustainability as a source of competitive strength. At the heart of the IHI Group's sustainability efforts is the aspiration to "Create a World

where Nature and Technology Work in Unity." To this end, the Group is pursuing greater corporate value based on four identified items of materiality: Climate Change; Human Rights; Diversity, Equity, and Inclusion; and Securing and maintaining stakeholder trust.

The IHI Group's businesses are distinguished by their direct connection with social sustainability, addressing issues such as climate change, energy efficiency, and infrastructure resilience. To further sharpen our competitiveness, we are advancing initiatives in creating value chains. By establishing chains of value in which products and services enhance one another and by building ecosystems around key hardware (our core technologies and products), we are pioneering new markets. This framework for value chain creation allows the IHI Group to achieve both the resolution of social challenges and the enhancement of the Group's competitiveness. Together with our stakeholders, we will pursue the formation of a sustainable society and corporate growth by taking the lead in shaping new markets that emerge with the resolution of social challenges.

Harnessing environmental impact reduction as a business opportunity and pursuing sustainable growth for society and the IHI Group

The IHI Group places the challenge of Climate Change at the heart of its business strategy, contributing directly to social sustainability by providing products and services that reduce environmental impact. For example, the IHI Group's technologies applied in factories that improve energy efficiency and streamline processes via automation not only reduce the environmental impact of the manufacturing

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industry, but also help customers lower costs. Similarly, our technologies for improving aero engine fuel efficiency contribute directly to CO₂ emission reduction in the aviation sector and support broader decarbonization in the industry through sustainable aviation fuels (SAFs) and aircraft electrification. We are also accelerating overall industrial decarbonization through innovative technologies such as ammonia combustion in the field of clean energy. These technologies generate new value by combining economic value with environmental value, thereby accelerating our response to Climate Change.

As the officer in charge of the Group's ESG efforts, one of my key roles is to help employees understand that the Group's products and services inherently support the reduction of environmental impact, and that their spread constitutes the practice of ESG management. I strive to raise awareness so that employees are tangibly aware of how their own work contributes to society's sustainability. In discussions with employees, I occasionally hear concerns regarding the competitiveness of our offerings. Some even mention that we have not properly presented to our customers the value we bring in reducing environmental impact. We emphasize the importance of quantifying not only productivity improvements but also the value of reducing environmental impact from performance improvements and of developing a framework to communicate that value effectively to gain customer understanding.

Advancing DE&I to build psychological safety and a competitive edge

With respect to the two items of materiality of Diversity, Equity, and Inclusion and Human Rights, we are carrying out priority measures to have employees "perceive DE&I as personal, and incorporate it into activities," something each employee is called to engage with directly. To ensure the IHI Group builds competitiveness and remains innovative as it reallocates resources to the aero engine business and reconfigures its portfolio, we must establish a flexible organization that draws upon the strengths of diverse talent and synergies across businesses.

When employees take ownership of DE&I, it fosters a shift in individual awareness and behavior, which in turn supports a broader transformation in corporate culture. This sense of personal engagement cultivates empathy and initiative, helping to dismantle unconscious biases. Other complementary efforts—including leadership development, open communication, mental health support, fair evaluations, and team-building—are vital in creating an environment of high psychological safety. These initiatives are being advanced in close coordination with the officer in charge of human resources. Establishing a workplace where all employees can harness their individuality is one of my central missions as the officer in charge of ESG.

Securing and maintaining stakeholder trust as a foundation for sustainable corporate management

We recognize that materiality must be updated regularly. In doing so, two key principles must be upheld. First, our items of materiality must remain aligned with our management philosophy and be capable of contributing to evolving societal needs. Second, they must contribute to greater competitiveness of the Group's businesses. Materiality, in our view, should embody both of these elements. We will continue to identify items of materiality based on the concept of double materiality, striving to balance sustainable societal growth with our own corporate development.

In the realm of investor relations, we explain how the Group's ESG initiatives convert to competitive strength and value, and we encourage investors to view the Group's long-term sustainability and growth favorably. We believe that consistent engagement has deepened understanding of our value creation story and contributed to the Group's rising market valuation.

Through ESG management, the IHI Group will continue its efforts to "Create a World where Nature and Technology Work in Unity." Amid an increasingly uncertain environment, we will remain unwavering in our founding spirit by confronting social challenges with resolve. We are committed to building a sustainable future in partnership with our stakeholders, drawing on the strength of our technological capabilities as a platform.