

Message from the Executive Officer (Human Resources)



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Fostering an environment where diverse human capital thrive and individual growth strengthens the whole

Group Human Talent Strategy 2023

The IHI Group has begun its transformation into a company that “create value chains.” Central to this effort is the belief that organizational change cannot occur without individual change; each employee must take ownership of their actions, and must understand that their behavior contributes directly to the company’s evolution. As the officer in charge of human capital, my task is to build systems and cultivate an environment in which employees across the Group can make full use of their capabilities,

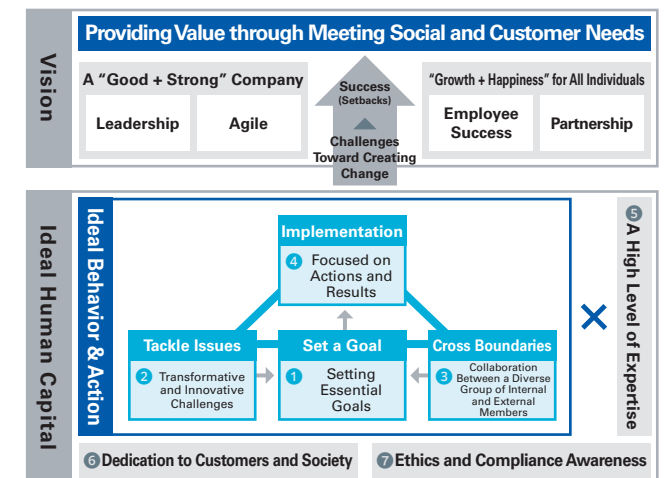
guided by a shared foundation of values.

Our Group Human Talent Strategy 2023 (▶ p. 79), shaped by the “Group Management Policies 2023,” sets forth a vision of both a “Good and Strong” company and “Growth and Happiness” for individuals. We believe institutional reform and cultivating a corporate culture that can encourage challenges for transformation will encourage behavioral change; in turn, this change will become the engine of broader organizational transformation.

Making individual success the source of collective growth

Sustainable growth for the IHI Group depends upon the success of each individual. With this in mind, we have outlined seven elements for the human capital we seek to cultivate. Among these, we emphasize and encourage four “Ideal Behaviors & Actions”: “Set a Goal,” “Tackle Issues,” “Cross Boundaries,” and “Implementation.” We do not see these behaviors as directives to be enforced; instead, we encourage employees to think independently about how they might act, and to engage in open dialogue with their supervisors to align their aspirations with the company’s objectives.

Bringing about change also requires fresh ideas and insights from talent outside our organization. Though the recruitment of new graduates had been the mainstream, active mid-career recruitment has now allowed us to bring in new perspectives and experience. In FY2024, mid-career



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hires across the Group outnumbered new graduate hires, leading to greater diversity of talent.

Under these circumstances, we need programs that support the self-driven career development of employees with diverse backgrounds. As of FY2024, we have revised our evaluation and compensation systems to where any employee, regardless of age or tenure, may take on challenges freely and repeatedly. Now, performance is assessed not by age or years of service, but by demonstrated behavior and tangible results; this approach enables us to recognize and elevate talent wherever it resides, including amid mid-career hires. We are also taking steps to support senior employees. For example, we have abolished wage reductions previously applied to employees aged 60 or older. In doing so, we aim to encourage continued self-driven growth with strong motivation while ensuring that both employees and their company move forward with shared purpose.

Stimulation of tackling issues and crossing boundaries

In my work, I emphasize helping employees to tackle issues and cross boundaries. This means to step out of their comfort zone, both in work and in territory. Though they may face failure, they are committed to tackling issues. I believe that these desires by individual employees, backed by supportive organizations, will drive transformation.

To support such efforts, we maintain the Career Challenge Program, which makes positions throughout the Group visible and accessible to internal candidates. Employees may express interest and seek transfers based on their ambitions. We have also introduced a system for

concurrent in-house positions, through which employees may devote part of their working time to projects beyond their main responsibilities, recruiting colleagues and working to bring their projects to commercial viability. In addition, our second job program permits employees to engage in concurrent work with companies outside our Group or as freelancers, drawing upon their IHI experience in new environments.

For each of our employees to tackle issues and cross boundaries with ownership in their daily work, trust between supervisors and their teams is essential. Accordingly, we are focusing on strengthening our middle management—especially in day-to-day communication, such as through one-on-one meetings. From FY2025, we will also implement 360-degree feedback, enabling managers to better understand their strengths and areas for development, and thereby refine their leadership skills.

Cultivating leaders who will drive transformation

The IHI Academy, which reports directly to the CEO, serves as a central platform for cultivating talent capable of driving Group transformation and playing an active role globally. The academy's programs focus on two principal domains: the Management/DX Field, and the Professional Field. These programs are not confined to classroom learning; they are practical, experience-based efforts to develop conceptualization skills and organizational leadership, with an eye toward delivering value to society and our customers. To widen opportunities, we have introduced open applications for the entry levels of the management and DX programs. Through this approach, we are identifying and supporting a diverse pool of motivated

individuals who will lead the next generation.

We hope that those who complete the IHI Academy's programs will return to their respective workplaces and, through their efforts to lead ambitious efforts to create new value, initiate change not only in themselves but also in those around them, generating a whirlwind of transformation.

Fostering a healthy organizational culture

We believe that the backgrounds, experiences, and personalities of our diverse human capital bring new insights that will be the driving force behind the creation of value chains. To this end, we are committed to fostering mindsets grounded in diversity, equity, and inclusion (DE&I), and to transforming into a necessary organizational culture where diversity becomes a source of strength in value creation. We have defined FY2024 as "Year 1 of DE&I." Throughout this first formal year of engagement, we actively created opportunities for dialogue and experience, including training sessions and a global panel discussion attended by the CEO during our All Hands Meeting. Such efforts have helped build a common understanding of DE&I across our organization.

We believe that this deepening awareness of DE&I contributes directly to a healthier organizational culture. In this culture, where individuals feel respected, valued, and free to express their views, we will continue to support mobility across business organizations, encourage dialogue at all levels, and strive toward a workplace culture that is inclusive, thoughtful, and conducive to both individual growth and collective progress.