

## Human Talent Strategy

For details on our Human Talent Strategy initiatives, please refer to the website below.  
<https://www.ihigroup.co.jp/en/sustainable/social/diversetalent/>

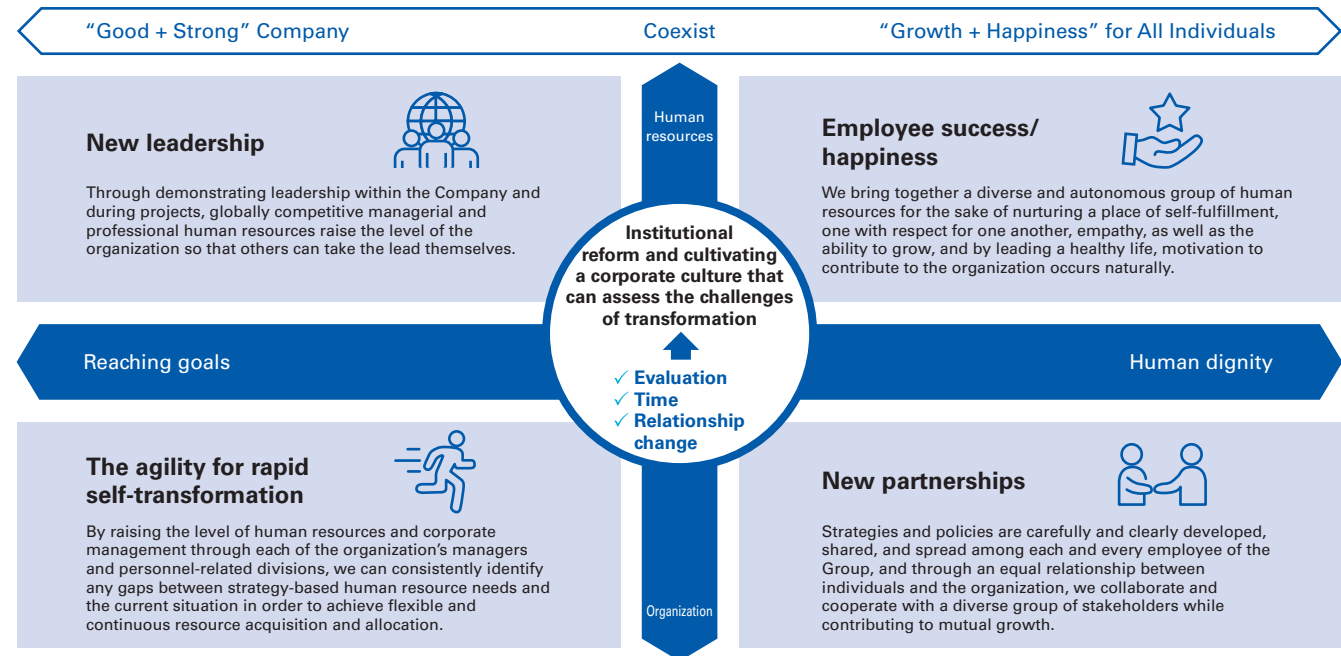
We formulated and began implementing the Group Human Talent Strategy 2023 in May 2023 toward attaining the following two targets under our “Group Management Policies 2023,” “Business transformation & business portfolio optimization to achieve strong, sustainable growth” and “Response to operating environmental changes and a corporate structure that enables transformation.”

We are committed to creating systems and environments, and promoting cultural reform, that allow all employees of IHI Group companies to maximize their abilities under a common set of values.

### Basic concept of Group Human Talent Strategy 2023 Ideal vision for future

In order to achieve business transformation and corporate structure reform, it is important to balance a good & strong company and personal growth & happiness. Moreover, the Group is reforming its evaluation system and building a corporate culture that can assess the challenges of creating change, drawing on four ideals of “new leadership,” “the agility for rapid self-transformation,” “employee success/happiness,” and “new partnerships” to embody the specific vision of the organization and human resources capable of realizing it.

In addition, the IHI Group is making use of a wide range of opportunities, including the initial training program for new employees and workshops held to facilitate understanding of and familiarization with the Group Management Policies’ key measures and with the actions necessary to utilize these measures, to spread awareness among all Group employees, including those outside Japan.



### Risks and opportunities

#### ● Risks

In order to maintain the IHI Group’s business foundation and lead it to future growth, it is imperative for us to acquire, retain, develop, and appropriately allocate the human resources necessary for conducting the Group’s business. Should the Group find itself unable to acquire external human resources or secure human resources capable of becoming key personnel (such as transformational talent), or to secure proper placement for them, then there is a possibility that this could adversely affect the Group’s future growth, business results, and financial health.

#### ● Opportunities

If every IHI Group employee understands the vision that the IHI Group has of where it wants to be in the future, and of the Ideal Behavior & Action that its employees should embody, as outlined in the Group’s Management Philosophy, the medium-term management plan, and the Group Human Talent Strategy, then this will strengthen their awareness of the Group’s mission and of the importance of the role that the Group’s business plays in society. This in turn will bring about a transformation of employee behavior, thereby driving the realization of change that will enhance the social value of our business and contribute to the improvement of corporate value.

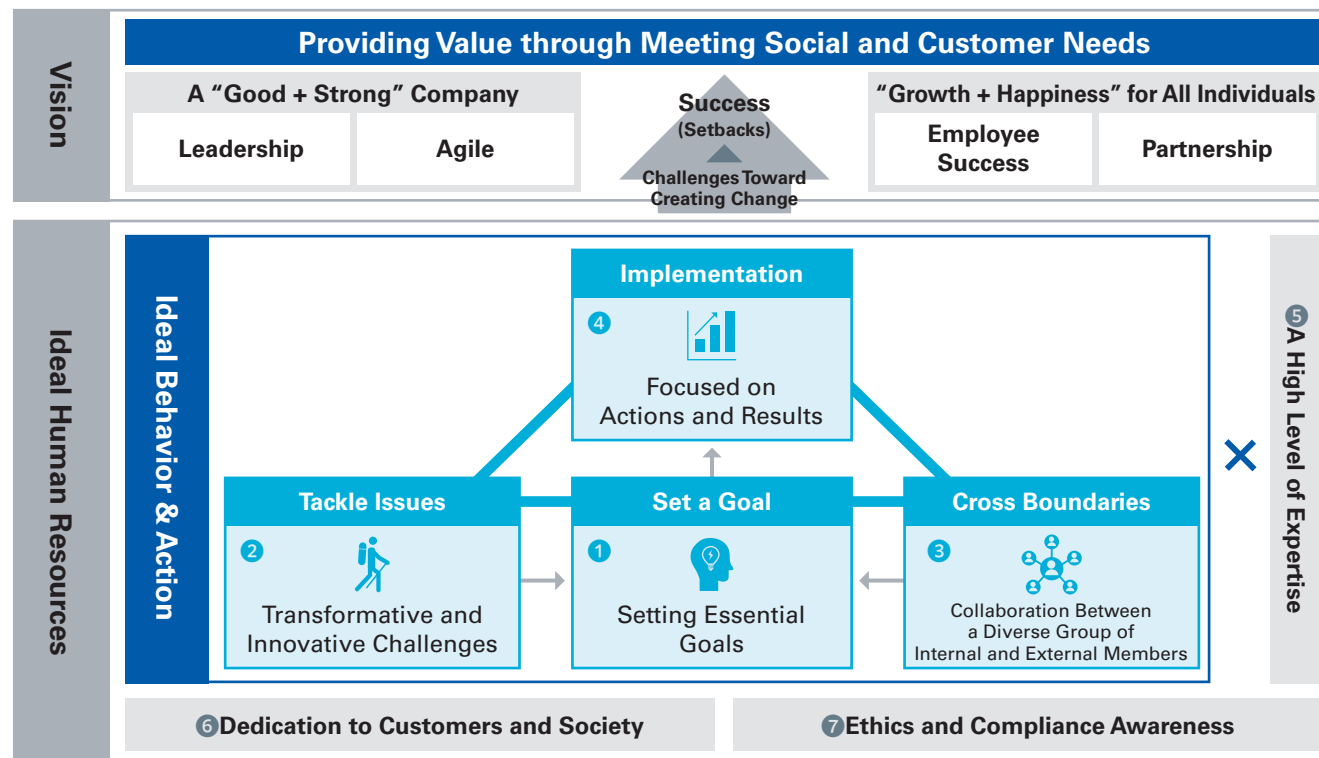
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## Ideal Behavior &amp; Action and Ideal Human Resources

The IHI Group defined its “Ideal Human Resources,” comprising seven items that all Group employees are expected to embody. Of these seven items, four items represent the “Ideal Behavior & Action” necessary to foster an organizational culture that embraces the challenges of change: (1) Set a Goal, (2) Tackle Issues, (3) Cross Boundaries, and (4) Implementation. Besides “Ideal Behavior & Action,” the Group has set three other crucial skills and mindsets that employees have always been expected to

embody and which will continue to be vital in the future: (5) a High Level of Expertise, (6) Dedication to Customers and Society, and (7) Ethics and Compliance Awareness.

“Ideal Behavior & Action” and “Ideal Human Resources” have been positioned as items for employee performance evaluation. By linking the evaluation results with treatment, talent cultivation and day-to-day management, the Group is using them proactively to promote the realization of transformation through changes in the behavior of individual employees.



## Governance

In regard to human resources issues that must be addressed in order to achieve the goal of “business transformation to realize sustained high growth” outlined in the Group Management Policies 2023, the IHI Group reported on the direction of initiatives under the Group Human Talent Strategy 2023 at the Board of Directors meeting held on July 22, 2024.

In addition, periodic reports are submitted to the Human Resource Committee and the Management Committee, where management can discuss human resource management from a business perspective, and the Group also holds HRBP meetings where human resources managers exchange views on management measures developed by the Human Resources Division.

## Human resource management council bodies

Names	Human Resource Committee	HRBP Council
Aims	Discussing human resource management from a business perspective	Communicating and exchanging views on human resource management measures developed by the head office's Human Resources Division
Officers	Officer in charge of Group Human Resources	General Manager of Human Resources Division
Members	Representative Director, General Manager of Human Resources Division	General Manager of Human Resources Division, Human Resources Division Group Manager, IHI Academy Manager, and human resource manager of each business area
Frequency of meetings convened in FY2024	As needed	Monthly

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### Three themes for transformation

To achieve the sustainability vision for the future, fiscal 2023 will be positioned as a turning point in terms of an evaluation axis, time axis, and relationship. Three themes are addressed, aiming to induce behavioral transformation in all employees and foster an organizational culture capable of accomplishing reform.

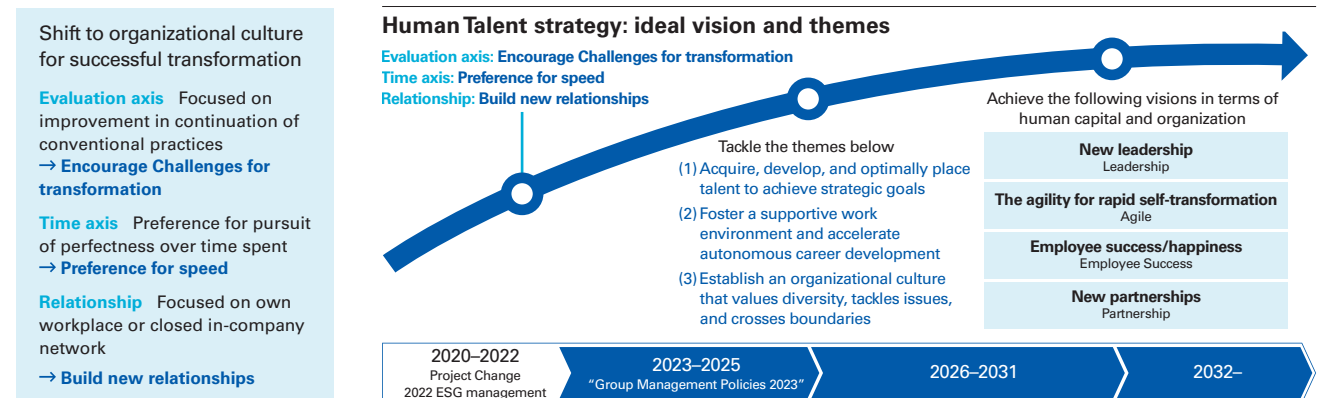
### Initiatives for the three themes

Providing training and skills enhancement for senior managers and specialist human resources that are applicable globally

The IHI Academy is developing programs based around two core areas—managerial and DX skills, and high-level

specialist skills—to drive the cultivation of managerial and specialist talent who are capable of operating effectively on the global stage and of leading the transformation of the IHI

Group. What these training programs have in common is that by utilizing Action Learning\* they encourage trainees to apply what they have learned to actual work, and hone the



Theme	Desired state	Status as of the end of FY2024	Future initiatives
1. Acquire, develop, and optimally place talent to achieve strategic goals	<ul style="list-style-type: none"> <li>Clearly define the ideal talent profiles, expectations, roles, and skills required to achieve strategies for each business segment, and acquire, develop, and deploy talent from both inside and outside the Company.</li> <li>Ensure each individual is fully engaged in their work with a clear and convincing path for personal growth within the Company for the future.</li> </ul>	<ul style="list-style-type: none"> <li>At the CEO-led IHI Academy, we have cultivated globally active management and specialized human resources, with a total of 372 participants completing the program over two years since its launch.</li> <li>As a result of recruitment efforts through various channels, for two consecutive years the number of mid-career hires has exceeded the number of regular new graduate hires, securing diverse talent to drive transformation.</li> <li>To support business strategy from a talent perspective, we have shifted resources toward Growth Businesses.</li> <li>We have begun strengthening onboarding to accelerate the contribution and improve the retention of employees who have been reassigned or newly hired.</li> </ul>	<ul style="list-style-type: none"> <li>Enable IHI Academy graduates to contribute early and establish an environment that serves as the core of transformation.</li> <li>Continuously reallocate resources to support business strategy.</li> <li>Standardize onboarding processes across the Group to ensure new talent can quickly demonstrate their capabilities and contribute to improved productivity.</li> </ul>
2. Foster a supportive work environment and accelerate autonomous career development	<ul style="list-style-type: none"> <li>Instead of passively responding to changes such as workforce mobility, shifting values, and diversification of career paths and lifestyles, proactively leverage these as opportunities to differentiate both the Company and individuals from competitors.</li> </ul>	<ul style="list-style-type: none"> <li>To promote employees' autonomous career design and enrich both work and life careers, we offer a Career Development Support Program.</li> <li>Through the Career Challenge Program, 56 employees have recently transferred, with a cumulative total of 405 employees taking on new career challenges since the program's introduction.</li> <li>In line with revisions to the compensation system that remove age-based distinctions, we abolished the wage reduction system for employees over 60, encouraging active participation not only from younger employees but also from senior staff.</li> <li>Recognizing that workplace management is the starting point for career development support and behavior change, we provide management skills training and related programs for supervisors with direct reports.</li> </ul>	<ul style="list-style-type: none"> <li>Introduce mechanisms to promote the active engagement of highly specialized talent in response to diversified career paths.</li> <li>Align evaluation and treatment approaches within the Group and expand the scope of unified Group-wide programs.</li> </ul>
3. Establish an organizational culture that values diversity, tackles issues, and crosses boundaries	<ul style="list-style-type: none"> <li>Foster a culture where diverse perspectives and approaches are respected, and individuals tackle issues and cross boundaries without fear of failure, embedding these behaviors at the individual level.</li> </ul>	<ul style="list-style-type: none"> <li>Revise the evaluation and compensation system to incorporate the four "Ideal Behaviors &amp; Actions" (1. Set a Goal, 2. Tackle Issues, 3. Cross Boundaries, 4. Implementation) as performance criteria, ensuring that "Tackle Issues" and "Cross Boundaries" are firmly established in everyday actions.</li> <li>Implement the Career Transit Program, a packaged initiative to develop female managers. As a result, the ratio of female managers at IHI alone has steadily increased to 5.8%, totaling 153 individuals.</li> <li>Designate FY2024 as the year to broadly launch DE&amp;I efforts in the IHI Group, actively promoting understanding and awareness through initiatives such as the IHI Group ALL Hands Meeting connecting global offices with messages from top management.</li> <li>Achieve a one-point improvement for two consecutive years in the annual engagement survey scores.</li> </ul>	<ul style="list-style-type: none"> <li>Continue efforts to make DE&amp;I a personal commitment for all employees, aiming not just for symbolic initiatives but for deep understanding, behavioral adoption, and habitual practice.</li> <li>Establish a system to visualize and follow up on candidates for women in managerial positions and their development progress to systematically promote their growth.</li> <li>Streamline internal communication methods and consistently implement initiatives necessary for transforming organizational culture.</li> </ul>

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conceptual abilities needed to provide value for customers and for society as a whole on an ongoing basis, and the leadership skills needed to energize the organization. In the two years since the IHI Academy was founded, its programs have trained a total of 372 employees (315 in the managerial and DX area, and 57 in the high-level specialist skills area).

\* Action Learning: A learning method that strengthens individual and organizational learning capabilities by taking real issues as topics and getting trainees to formulate strategies and solutions, implement them, and then reflect on them.

### Next-generation management leader training

The IHI Group's expectations for the next generation of management leadership include both transformational leadership that is capable of discerning the structure of problems even in areas where it lacks direct personal experience, and then driving change with the overall best approach, and also the ability to implement concrete business management tasks based on an awareness of the management issues affecting the IHI Group. With this in mind, the Next-Generation Management Leader Training implemented in fiscal 2024 included not only a sustainability-aware management program that involved simulating presentations for investors, but also programs linked to the Group's current key strategies and management issues including quality management, DX, and AI.

## Diversity, equity, and inclusion

### Approach

To solve social issues through business activities, it is necessary to incorporate perspectives from the Group's diverse human resources into its practices to grasp the needs and issues of the consumers that make up society so that we can achieve a society offering safety, security,

and prosperity. Additionally, the backgrounds, experiences, and individuality present in this diverse group bring fresh perspectives to the Group, and they will become the driving source for promoting change.

The IHI Group is aiming to transform its organizational ethos to incorporate a DE&I approach into the corporate culture and leverage the power of diversity to create value, recognizing and respecting the differences between individual employees and focusing on building an environment and an organization in which each employee can maximize the full potential of their own personality.

### Female manager ratio

One of the indicators that the IHI Group uses to gauge the progress made in measures to promote the advancement of female employees is the monitoring of the percentage of managers who are female. In fiscal 2024, for IHI Corporation this percentage was 5.8% (with a total of 153 female managers), representing a steady increase. Also, for the Group's affiliated companies in Japan, they are disclosing their female manager ratios, as required by law.

### Building an inclusive workplace regardless of sexual orientation or gender identity

The IHI Group is creating a working environment where LGBTQ+ employees can reach their full potential regardless of sexual orientation or gender identity. To take just one example, the IHI Group actively engages in LGBTQ+ ally\*<sup>1</sup> activities. The Group believes that expanding the ally mindset of not denying the SOGI\*<sup>2</sup> identity of anyone, not judging, and not talking about people's identity to others without their consent, help to realize a workplace

environment where everyone can work comfortably. Striving to promote understanding among all of its employees in Japan, the Group has established an e-learning program and has made information available through the company intranet. As a result of these efforts, there are now over 3,000 people who have declared themselves allies.

\*1 Ally: Allies refer to people who understand and support LGBTQ+. Anyone can be an ally, even if they do not identify as LGBTQ+.

\*2 SOGI: Sexual orientation and gender identity

### Improvement of employee engagement

We monitor the effectiveness of our human capital management initiatives through an annual engagement survey conducted for employees both in Japan and overseas. The employee engagement survey covers the following items: strategy and direction, leadership, quality and customer focus, respect for the individual, growth opportunities, compensation and benefits, performance management, delegation of authority, resources, education and training, collaboration systems, performance appraisal process, organizational structure, etc.

In fiscal 2024, employee engagement rose by 1 point to 55 points, making this the second consecutive year in which there had been a 1-point rise. Items for which there was a particularly noticeable increase included: Employee Enablement, Development Opportunities, and Respect and Recognition. Furthermore, following the holding of presentations to provide insights regarding the analysis methods used and the formulation of response measures, there was a noticeable improvement in individual units' approval rate with respect to the taking of post-survey action, reflecting the results obtained through these measures.