

(English Translation)

June 4, 2024

To whom it may concern,

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(Progress of Disclosed Matter)

Notice of Misconduct by a consolidated Subsidiary of the Company

IHI Corporation (hereafter “IHI”) hereby announces with regard to an incident of misconduct in test operation records for marine engines and land-use engines (hereafter the “Matter”) at its consolidated subsidiary IHI Power Systems Co., Ltd. (hereafter “IHI Power Systems”) announced on April 24, 2024 that it has summarized the facts, etc. that have been discovered to date in “Investigation Report (Report No. 1, Interim Report)” and submitted the report to the Ministry of Land, Infrastructure, Transport and Tourism today.

Furthermore, IHI established a special investigation committee comprising outside experts in relation to the Matter on May 1, and the report has also been shared with the committee. The Matter is subject to a separate ongoing investigation by the committee, and the entire IHI Group will respond rigorously based on the investigation result and recommendations.

IHI would like to express its deepest apologies once again for the extreme inconvenience and concern caused by this misconduct to all of its stakeholders, including its customers and related institutions.

The impact of the Matter on IHI’s operating results is currently being assessed, and any impact that is to be expected based on the investigation result going forward will be promptly announced.

(END)

Attachments

June 4, 2024 “Investigation Report (Report No. 1, Interim Report)”

June 4, 2024

Shipbuilding and Ship Machinery Division
Ocean Development and Environment Policy Division
Inspection and Measurement Division
Maritime Bureau
Ministry of Land, Infrastructure, Transport and Tourism

IHI Corporation
IHI Power Systems Co., Ltd.

Investigative Report (1st Interim Report)

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1. Background and Scope of the Investigation

1.1 Background of the investigation

With the aim of improving its corporate culture, IHI Power Systems Co., Ltd. (IPS) has been conducting communication activities between employees, human resources, and top management. Following the communication activities carried out in late February 2024, an IPS employee reported that the “fuel consumption rates” provided to customers when engine products are shipped were altered using values different from those actually measured during test operations. Upon receiving the report, both IPS and its parent company IHI Corporation (IHI) conducted interviews with relevant personnel.

The interviews confirmed that the contents of the report were true, and that in the process of testing the engines manufactured at IPS and preparing the records, values differing from those actually measured during test operations were entered in the records. IHI and IPS accordingly formed a crisis management headquarters to investigate the records and conduct further interviews. On April 24, IHI reported the misconduct identified by April 23 to the relevant government ministries and agencies, additionally holding a press conference and disclosing the matter in a timely fashion.

This interim report summarizes the results of the investigation conducted up to May 31 (hereinafter referred to as the “**date of drafting the interim report**”), in accordance with instructions received from the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) on April 24.

There have been no confirmed cases of misconduct related to the safety of the engines during their manufacture and test operations. In addition, there have been no confirmed cases that may raise questions about the safety of the engines during actual use.

1.2 Scope of the investigation

The misconduct was confirmed to have occurred in the test operation processes carried out as part of the engine manufacturing process at the IPS plant. IPS possesses the four manufacturing bases of Niigata Engine Plant (Niigata City, Niigata), Ohta Plant (Ota City, Gunma), Niigata Gas Turbine Plant (Kitakanbara Gun, Niigata), and Niigata Foundry Plant (Niigata City, Niigata). Engines are manufactured at Niigata Engine Plant and Ohta Plant. The Niigata Gas Turbine Plant manufactures and tests gas turbines for the generation of electricity, while the Foundry Plant solely manufactures engine components.

The misconduct was confirmed to have occurred at the Niigata Engine Plant and Ohta Plant where engines are manufactured. No misconduct has been confirmed at the Niigata Gas Turbine Plant or the Foundry Plant.

The misconduct was committed during the measurement of fuel consumption rates conducted as part of engine test operations at the plants. There are two fuel consumption rate measurements, each of which is measured separately.

- (1) Measurements carried out when verifying NOx emissions (hereinafter referred to as “**NOx emissions verification**,”^{*1} because measured fuel consumption rates are used as the basis for calculating NOx emissions) for the purpose of obtaining Engine International Air Pollution Prevention (**EIAPP**) certificates.
- (2) Measurements carried out when delivering engines to customers (hereinafter referred to as “**pre-shipment test operations**”) in order to confirm whether engine performance meets the specifications, including fuel consumption rates.

The scope of the investigation related to this case of misconduct covers both the NOx emissions verification and pre-shipment test operations conducted at both the Niigata Engine Plant and Ohta Plant. In addition, investigations were carried out in relation to laws and regulations that may have been affected by the misconduct that was confirmed by the investigation.

*1 Regarding NOx emissions regulations:

NOx regulations for ship engines are based on MARPOL 73/78 (International Convention for the Prevention of Pollution from Ships) as adopted by the International Maritime Organization

(IMO), and have been passed into Japanese law under the Act on Prevention of Marine Pollution and Maritime Disaster (hereinafter referred to as “Marine Pollution Prevention Law”).

According to the applicable regulations, EIAPP certificates are issued to engines that have been inspected for NOx emissions and approved according to the EIAPP manual.

If the NOx emissions verification is performed on a prototype engine (hereinafter referred to as “parent engines”), subsequently manufactured engines of the same type and power band (hereinafter referred to as “member engines”) will be deemed to have the same NOx emissions values as the corresponding parent engine and be issued EIAPP certificates accordingly. This handling is based on the NOx Technical Code regulations. When verifying NOx emissions, engine fuel consumption rates are used as one of the parameters to calculate NOx emissions. Tier I NOx regulations went into force in 2005, followed by the Tier II regulations (a 20% reduction over Tier I) in 2011 and Tier III (an 80% reduction over Tier I, albeit in specified waters) in 2016.

2. On the investigation

2.1 Structure and development of the investigation

Following the report of this case of misconduct, IHI and IPS have conducted an investigation of the misconduct. A public announcement was made on April 24, with the investigation proceeded from the next day under the following structure.

- Head of the task force: IHI Senior Executive Officer in Charge of Company-Wide Quality
- Team responsible for investigating the causes and devising measures to prevent recurrence: composed of around 50 persons
- Customer response team: composed of around 50 persons
- Team for the investigation of records: composed of around 100 persons

The investigation and external public announcements developed as follows:

- | | |
|-----------------|--|
| - Late February | - Misconduct reported |
| - March 1 | - Content of the report shared with the IPS President |
| - March 5 | - IPS internal investigation launched and report made to IHI |
| - March 7 | - Results of IPS internal investigation reported to IHI |
| | - IHI crisis management headquarters established, with IHI Managing Executive Officer and President of Resources, Energy and Environment Business Area as the head of the task force. Investigation launched under the leadership of the IHI General Manager of Quality Assurance for the Resources, Energy and Environment Business Area, the IPS President, and the IPS General Manager of Quality & Environment Issues Dept. |
| | - Members of the investigation team selected for IHI to carry out interviews of IPS personnel. Team member selection focused on managers engaged with quality assurance in the IHI Resources, Energy and Environment Business Area. The technical advisor also participated in the case as a technical expert. In addition, a full-scale investigation was launched of engine test operation records at IPS Niigata Engine Plant and Ohta Plant. |
| - April 11 | - The investigation revealed the severity of the situation, so the structure was strengthened, with the IHI Senior Executive Officer in Charge of Company-Wide Quality selected as the head of the task force. |
| - April 24 | - Misconduct reported to the relevant government ministries and agencies. |
| | - Timely disclosure carried out and press conference held. |
| - June 4 | - This interim report submitted to the MLIT Maritime Bureau. |

2.2 Investigation method

2.2.1 Investigation of records

2.2.1.1 Investigation of compliance with NOx regulations

At the Niigata Engine Plant, NOx emissions verification was carried out on parent engines 296 times (231 times for domestic engines, 65 times for overseas engines) for 828 member

engines (608 domestic engines, 220 overseas engines) to confirm compliance with NOx regulations. At the Ohta Plant, NOx emissions verification was carried out on parent engines 307 times (125 times for domestic engines, 182 times for overseas engines) for 4,189 member engines (1,324 domestic engines, 2,865 overseas engines) to confirm compliance with NOx regulations.

Fuel consumption rates are calculated and used during the process of verifying NOx emissions. Therefore, as part of this investigation, past records of NOx emissions verification were studied to see if there were any differences between the actually measured fuel consumption rate values recorded in IPS internal records (hereinafter referred to as the “**actual measured values**”) and the “recorded values” of fuel consumption rates entered in the NOx emissions verification reports. When there were differences in the actual measured values and recorded values, the NOx emissions were reevaluated by using the actual measured values to calculate the emissions.

2.2.1.2 Investigation of pre-shipment test operations

Records of the pre-shipment test operations were investigated, with priority given to engines shipped in 2003 or later. The investigation is ongoing for records of engines shipped in 2002 and earlier.

The procedure of this investigation was as follows.

- (1) Comparison of the actual measured values and the “recorded values” entered in the pre-shipment test operation reports.
- (2) Comparison of the actual measured values and the fuel consumption rate values entered in the specification documents provided to customers (hereinafter referred to as “**specification values**”).
- (3) Internal records include a history column where events that occurred during the pre-shipment test operations can be recorded. The contents of these history columns was therefore checked to confirm the presence of any misconduct besides the rewriting of fuel consumption rates.

In addition, investigations were carried out with respect to the Ship Safety Law related to maritime vessel engines, the EEDI^{*2}/EEXI^{*3} that are applied to internationally sailing passenger and cargo vessels, and the Air Pollution Control Act related to engines for use on land. An investigation is ongoing related to fishing vessel inspection regulations concerning fishing vessel engines.

*2 Energy Efficiency Design Index: An international index used to evaluate and compare the energy efficiency of maritime vessels that applies, in principle, to all internationally sailing ships of 400 GT or more. It has become a standard used to reduce the CO₂ emissions of vessels and lower their environmental burden.

*3 Energy Efficiency Existing Ship Index: An index applied to certain designated internationally sailing ships of 400 GT or more that is used to evaluate and compare the energy efficiency of existing maritime vessels.

2.2.2 Interviews

Interviews focused on technical experts, human resources departments, and quality assurance departments at IHI, involving not only people with experience of IPS engine test operations, but also related departments, officers, and employees.

The methodologies of the interviews concerning NOx emissions verification and pre-shipment test operations were as follows.

- 1) NOx emissions verification
All engine test operators and personnel with experience of engine test operations (16 subjects at the Niigata Engine Plant, 15 subjects at the Ohta Plant) were interviewed to confirm whether fuel consumption rates had been rewritten during NOx emissions verification, whether any equipment had been used improperly, whether records were kept, and what could have motivated the misconduct.

2) Pre-shipment test operations

All engine test operators and personnel with experience of engine test operations (16 subjects at the Niigata Engine Plant, 15 subjects at the Ohta Plant), as well as 60 subjects involved in a broad range of other areas such as sales, development, design, quality control, and quality assurance, were interviewed to confirm whether fuel consumption rates had been rewritten during NOx emissions verification, whether any equipment had been used improperly, whether records were kept, what could have motivated the misconduct, and whether there was any awareness of misconduct occurring outside the manufacturing and quality control departments.

3. The facts as revealed by the results of the investigation (as of the date of drafting the interim report)

3.1 NOx emissions verification

When NOx emissions verification was carried out at the Niigata Engine Plant, the actual measured values of fuel consumption rates were written down on forms used for keeping internal records. If these figures satisfied the specification values, the actual measured values were entered into computers. However, it was confirmed that in some cases, when the figures did not satisfy the specification values, the actual measured values were rewritten.

The main model used at the Niigata Engine Plant was a low-speed engine. The specification values for this engine were strictly set, so there were cases where the specification values of the fuel consumption rates were exceeded in order to satisfy the NOx regulation values. Interview respondents testified that with this background, there was a concern that the fuel consumption rates at the time of NOx emissions verification would become known to customers, and customers would then compare the differences with the fuel consumption rates of the pre-shipment test operations submitted at the time of shipment. The fuel consumption rates were therefore rewritten to avoid discrepancies. At the Ohta Plant, on the other hand, no rewriting of fuel consumption rates during NOx emissions verification was confirmed. The reason for this is thought to be that the main model used at the Ohta Plant was a medium-speed engine that would not exceed the fuel consumption rate specification values, even when operated in accordance with NOx regulation values. As a result, the motivation for the misconduct was absent. This finding was corroborated by interview testimony.

The rewriting of fuel consumption rates when verifying NOx emissions is therefore thought to have occurred only at the Niigata Engine Plant.

Tables 3-1 and 3-2 show the results of the NOx emissions verification investigation. The investigation results have been divided into the following four categories.

- Category A: No rewriting of actual measured values could be confirmed, and there was no deviation from the NOx regulation values.
- Category B: Rewriting of actual measured values was confirmed, but when NOx regulation values were calculated using the actual measured values as written on internal records, there was no deviation from the NOx regulation values.
- Category C: Rewriting of actual measured values was confirmed, and when NOx regulation values were calculated using the actual measured values as written on internal records, there were deviations from the NOx regulation values.
- Category D: Further investigation is required, as there were difficulties determining the actual measured values that should be used for the calculations.

In marine engines for domestic use, rewriting from actual measured values to recorded values was confirmed for 90 parent engines and 242 member engines (Category B and C). Among these, 30 parent engines had been applied for but were not sold. In marine engines for overseas, rewriting from actual measured values to recorded values was confirmed for 27 parent engines and 161 member engines (Category B and C). The handling of 124 parent engines and 282 member engines (90 parent engines and 226 member engines for domestic use) is being considered (Category D).

In addition, interviews with all employees who have conducted NO_x emissions verification confirmed that improper alterations such as using bypass lines and manipulating flow meters during pre-shipment test operations, as described in Section 3.2, were not conducted during NO_x emissions verification, and therefore we concluded that such improper alterations did not occur.

Table 3-1 NOx Emissions Verification Survey Results (Marine Engines for Domestic Use)^{*4}

Plant	Category	Number of parent engines (Number of NOx emissions verification)	Number of member engines ^{*5, *7} (Number of units shipped)
Ohta Plant	A	125	1,324
Niigata Engine Plant	A	51	140
	B	89	242
	C	1 ^{*6}	0
	D	90	226
Total		356	1,932

Table 3-2 NOx Emissions Verification Survey Results (Marine Engines for Overseas)^{*4}

Plant	Category	Number of parent engines (Number of NOx emissions verification)	Number of member engines ^{*5} (Number of units shipped)
Ohta Plant	A	182	2,865
Niigata Engine Plant	A	4	3
	B	26	157
	C	1	4
	D	34	56
Total		247	3,085

*4 Tables 3-1 and 3-2 are totals for the number of shipments in which NOx emission regulations are applied, while Table 3-3 shows the totals for the number of shipments after 2003, and there the totals do not match.

*5 The number of engines used for NOx emissions verification is included in the number of member engines.

*6 Because there were no sales for one unit of Category C, the number of member engines is 0.

*7 There was a total of 202 engines for the Japan Coast Guard that were subject to NOx emission regulations (including engines shipped in 2002 and earlier), and of those engines, there were 182 engines in Category A and 20 engines in Category B.

3.2 Pre-shipment test operations

Table 3-3 shows the results of pre-shipment test operations survey. Of the 1,973 units shipped for domestic ship engines, 1,689 units were found to have made misconduct and 621 units were found to have deviated from specification values. Most of the misconducts were rewriting of actual measured values. It is believed that one of the motivations was to avoid explaining discrepancies to customers, based on the testimony that the rewriting was performed not only when the actual measured values did not meet the specification values, but also when the fuel consumption rate data differed from that of the same engine previously delivered to customers.

Meanwhile, at the Niigata Engine Plant, (1) alterations using bypass lines to make the fuel consumption rate appear lower^{*8} and (2) alterations manipulating digital flow meters to make the fuel consumption rate appear lower^{*9} were confirmed (the number of these alterations is under review). It is believed that these alterations were made in order to avoid the exposure of the act of rewriting the actual measured values at the site when the customer attends and carefully observed the measurement items.

*8 Alterations using bypass lines to make the fuel consumption rate appear lower during pre-shipment test operations:

Alterations during pre-shipment test operations at the Niigata Engine Plant, fuel should flow from the fuel supply system with a fuel flow meter installed, but the bypass line valve set up for maintenance purposes was opened to make the fuel bypass the flow meter, which

made the displayed fuel flow rate appear lower than the actual flow rate

- *9 Alterations manipulating digital flow meters to make the fuel consumption rate appear lower:

During pre-shipment test operations at the Niigata Engine Plant, the meter coefficient of the digital fuel flow meter was improperly altered, making the displayed fuel flow rate appear lower than the actual flow rate.

While the survey results announced on April 24 were based on internal records from the manufacturing department, in this interim report, we compared them with sales information, etc. and conducted a more comprehensive survey, which improved the accuracy of the investigation and increased the number of shipments covered.

Table 3-3 Number of Misconducts in Pre-Shipment Test Operations Since 2003

Product Category	Destination	June 4 report (Survey results as of May 31)		
		Number of units shipped	Number of units subject to misconduct*10	Number of units deviating from specification values*11
Marine engines	Domestic	1,973	1,689	621
	Overseas	3,360	3,062	1,329
	Subtotal	5,333	4,751	1,950
Land use engines	Japan	1,168	119	7
	Overseas	66	35	5
	Subtotal	1,234	154	12
Total		6,567	4,905	1,962

*10 Number of units subject to misconduct

Number of engines with different actual measured values and recorded values

*11 Number of units deviating from specification values

This is the number of engines for which actual measured values were found to deviate from the specification values submitted to the customer. The degree of deviation from specification values is an average of 1.7%, with a maximum of 19.1% for marine engines, and an average of 2.1% with a maximum of 10.2% for land-use engines. The averages were calculated for the engines that deviated from the specification values (marine engines: 1,950 units, land-use engines: 12 units).

(Reference: Results of survey released on April 24)

Product Category	Destination	April 24 report (Survey results as of April 23)		
		Number of units shipped	Number of units subject to misconduct	Number of units deviating from specification values
Marine engines	Japan	1,938	1,594	796
	Overseas	2,943	2,621	1,250
	Subtotal	4,881	4,215	2,046
Land use engines	Japan	604	111	4
	Overseas	52	35	8
	Subtotal	656	146	12
Total		5,537	4,361	2,058

Compliance with the following laws and regulations was also confirmed.

- ① About the Ship Safety Act for marine engines
No violations of regulations on engine safety under the Ship Safety Act have been identified.
- ② Response to EEDI/EEXI applicable to passenger and cargo vessels engaged in international voyage
As a result of investigating engines installed on ocean-going ships under domestic classification, although there were no EEDI cases and one EEXI case (which was a Japanese-flagged ship at the time of shipment but is now a foreign-flagged ship) was confirmed, it was confirmed that the fuel consumption rate measured by IPS was not used, and therefore it was not affected by these misconducts.
- ③ Air Pollution Control Act for land-use engines
The misconducts did not affect the measurement of the amount and concentration of soot and smoke, and there were no land-use engines in violation of the Air Pollution Control Act. In addition, compliance with the Air Pollution Control Act for all land-use engines was confirmed based on measurements conducted by third-party inspection agencies, which confirmed that there were no violations.

4. Analysis of causes and measures to prevent recurrence

4.1 Specific causes for confirmed misconducts and measures to prevent recurrence

Based on the results of the investigation so far, the presumed specific causes and the status of efforts to prevent recurrence for the confirmed misconducts are described below.

(1) Response to rewriting actual measured values to recorded values during NOx emissions verification and pre-shipment test operations

(Cause 1) The operation inspector belonged to the manufacturing and assembly department, and there was not sufficient independence between manufacturing and assembly and inspection. In addition, the quality control department staff responsible for verifying inspection records did not sufficiently verify them.

(Measure 1) As an immediate measure, the direct supervisor of the quality control department was present at the tests to confirm NOx emissions and pre-shipment test operations, and the direct supervisor himself checked and recorded the actual measured values.

(Already being implemented)

(Measure 1) As an interim measure, a direct supervisor from the quality control department will attend the tests during NOx emissions verification and pre-shipment test operations, and the direct supervisor will personally verify and record the actual measured values.

(Cause 2) The process of confirming records on-site and reflecting those records in the final plant test report was unclear, and it was not documented as a business process.

(Measure 2) As an interim measure, we standardized the entire work flow from on-site record confirmation to the final factory test report for NOx emissions verification and pre-shipment test operations. In this work flow, we clarified the measurement procedures, verification methods, items to be checked by direct quality supervisors, record sheets, calculation sheet management methods, etc., and work management was conducted according to these methods.

(Already being implemented)

Going forward, we will confirm the entire business process from development to manufacturing and inspection, and we will consider the introduction of a mechanism to ensure record security, including digitization, and the establishment of standards for this purpose.

(Cause 3) Measurement and recording of fuel consumption rates were conducted manually using an analog method, and the possibility of rewriting could not be completely eliminated.

(Measure 3) We will automate the measurement and recording of fuel consumption rates during NOx

emissions verification and pre-shipment test operations. (Scheduled to be gradually implemented from July)

(Temporary measures until the automated system is implemented)

- ① Keep a photographic record of the fuel flow rate and measurement time at the time of measurement
- ② Attach a photographic to the inspection report at the time of measurement. For NOx emissions verification, submit the inspection report with attached photographic records to the inspection agency for verification.

(2) Response to alterations using bypass lines to make the fuel consumption rate appear lower during pre-shipment test operations

(Cause) The operation method for the bypass line in the fuel oil supply line was unclear, and it could be easily manipulated.

(Measure) The bypass line installed in the fuel oil supply line used during the NOx emissions verification and pre-shipment test operations was removed. (Implemented)

(3) Response to alterations manipulating digital flow meters to make the fuel consumption rate appear lower

(Cause) The meter coefficient of the digital fuel flow meter used to measure the fuel consumption rate was easily adjustable.

(Measure) Select transaction meters for digital fuel flow meters that cannot be internally set, and introduce meters calibrated and sealed by the manufacturer. (Scheduled to be gradually implemented from July)

(Temporary measure until the introduction of new transaction meters begins)

- ① When using a digital fuel flow meter, confirm that the meter coefficient internally set in the flow meter is the same as the setting stated in the inspection record and keep a photographic record.
- ② Attach a photographic to the inspection report at the time of confirmation. For NOx emissions verification, submit the inspection report with attached photographic records to the inspection agency for verification.

4.2 Issues related to compliance awareness and organizational culture

Based on the results of surveys up until now, it is believed that the misconducts that were confirmed had placed undue burdens on the on-site operation inspectors, and had been perpetrated over many years without improvement. In addition, similar improper alterations were carried out for many years at two different plants, and many people who were involved in the design, manufacture, etc. of the engines in the past knew about such alterations. However, although this included people who are currently officers and employees, the company failed to recognize this and take corrective action.

Currently, it is believed that the following issues and background causes related to compliance awareness and organizational culture have led to this situation.

- An organizational culture that allows improper alterations to be passed on
- An organizational culture with a silo mentality that prioritizes the work of one's own department.
- Lack of awareness of quality and compliance
 - Facile and incorrect justifications on the idea that it is acceptable if the quality records are slightly different from the facts as long as there are no safety issues
- Disregard of specification values and test records provided to customers
- Avoidance of customer explanations
- Lack of understanding and education on laws, regulations, and rules
- Lack of communication between different levels and organizations
- Internal environment in which initiatives to strengthen quality compliance were not fully utilized

In addition, since 2019, although compliance activities have intensified within the IHI Group, many people who recognized the facts of this matter did not speak up because they knew it would cause a major problem if it was made public. Although the role of eliminating psychological barriers (awareness of compliance violations but inability to speak up) lies with management, this role had not been fulfilled. In addition, considering that multiple officers and employees knew about the facts of this matter, the problems within the organization and management were significant.

4.3 Toward fundamental recurrence prevention

Going forward, we will further investigate the cause of the problem and take fundamental recurrence prevention measures with the following approaches in mind based on the recommendations of the Special Investigation Committee.

- (1) Introduction of a new mechanism and establishment of a system for conducting tests and inspections that do not cause misconducts
- (2) Restructuring of overall business processes, including improvement of technical specification decision processes in the development department, and continuous review and improvement through mutual collaboration and cooperation between departments
- (3) Thorough review of organizational culture and fostering of a new organizational culture
- (4) Fundamental review and restructuring of the organization and personnel system to prevent recurrence

5. Status of reporting to customers

The sales departments and branches of IHI and the sales, branches, and sales offices of IPS are working together to report to customers (users, shipyards and prime contractors, agents, etc.) regarding the misconducts and to explain future actions.

As of May 31, we have received 1,193 inquiries, mainly regarding matters such as the impact on the navigation of operating vessels, the impact on the shipment and delivery dates of ordered products, and the provision of survey results, and we are sincerely responding to these questions and requests. We will continue to provide careful responses to our customers.

6. Future responses to NOx regulations

In response to NOx regulations, we will clarify our response policy within the next two month for items that require continued investigation as it is difficult to determine the actual measured values used in calculations from the NOx emissions verification survey results.

7. Status of the investigation by the Special Investigation Committee

The Special Investigation Committee composed of the following outside experts was formed to investigate the misconducts, and the investigation began on May 1, 2024.

The Special Investigation Committee, independent of IHI and IPS, is proceeding with an investigation centered on document analysis (IPS internal regulations, organizational charts, minutes, measurement record data, development processes, etc.), interviews with related parties (44 interviews completed as of May 31, 2024), and a questionnaire within IPS.

- Chairman: Hiroshi Kimeda, Nishimura & Asahi (Gaikokuho Kyodo Jigyo)
- Committee Member: Makoto Shimamoto, Part-time lecturer, Faculty of Science and Technology, MEIJO UNIVERSITY
- Committee Member: Mitsuhiro Umezu, Ph.D. President and CEO, Umezu Institute of Business Ethics.

The investigation was supported by lawyers affiliated with Nishimura & Asahi (Gaikokuho Kyodo Jigyo)

The Special Investigation Committee will continue to investigate the causes of the misconducts and provide recommendations on the recurrence prevention measures required.

(END)