



IHI
Realize your dreams



IHI
ESG STORYBOOK



IHI Corporation

Achieving Sustainability

We have been boldly addressing difficult social issues and using the power of our technology to provide solutions for society since our founding in 1853.

Our aspiration is, and always will be, to overcome social issues to achieve a sustainable society.

An Everlasting Aspiration



“Use the power of technology to promote industry and advance our country”

Tomiji Hirano

Founder of IHI's predecessor, Ishikawajima Hirano Shipyard

Tomiji Hirano dedicated his life to pursuing this aspiration. His spirit lives on in the unwavering and treasured values of the IHI Group Management Philosophy.

Management Philosophy

“Contribute to the development of society through technology”

“Human resources are our single most valuable asset”

Why is now the time for ESG?

What can we do to create sustainability for the Earth and its inhabitants?

We can use less energy to make products, increase the ratio of renewable energy we use, and develop and use products with low CO₂ emissions.

The activities of companies influence and impact society and the environment in many ways. To realize a sustainable society, companies must minimize the potential negative impact on society and the environment of all their corporate activities. A corporate governance system enables us to ensure our activities are carried out properly and effectively.

Achieving sustainability requires every one of us to search for solutions and take action. That is why now is the time for environmental, social, and governance (ESG) management.

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With our values rooted in ESG, we are directing our business toward addressing social issues and realizing a sustainable society

Hiroshi Ide

President and Chief Executive Officer
IHI Corporation



In this era of great uncertainty, a company willing to face difficult challenges is a company with opportunity

The unprecedented challenges society has been facing in recent years, including the human and economic impact of the COVID-19 pandemic and the global climate change caused by greenhouse gases, have created a widespread sense that society has stalled and uncertainty about our future. Many people may be wondering what the future will be for companies and ultimately, for themselves.

However, even with this disruption, I am optimistic and see the situation as an opportunity.

Throughout the 168 years since our founding, the IHI Group has encountered innumerable problems and challenges; and we have directly and passionately confronted each one to find a solution.

Looking back, the approaches we took were not always ideal, since we often prioritized economic outcomes and did not sufficiently consider the impact on the natural environment. Still, I believe we can learn from the past and apply the core values we have developed so that the IHI Group will play a major role in creating a better society.

In this era of great uncertainty, what should we do for society? As our Management Philosophy states, we can use our human resource assets and technologies to help people enrich their lives. We can do that with management that addresses social issues, gives greater consideration to the environment and society, and continues earning the trust of stakeholders through ESG management. The difficult times provide us with a once-in-a-generation opportunity as a company contributing to a sustainable society to create infrastructure for safe, secure, and enriching everyday lives.

Moving forward with our aspiration for a better, sustainable society

In November 2020, we launched an initiative called “Project Change.” The project sets becoming carbon-free, preventing and mitigating disasters, and contributing to enriching the lives of all people as the core social issues we will address while we seek to create a world where nature and technology work in unity. Approaching these social issues as business opportunities will lead to sustainable growth as a company.

The challenges society is currently facing are extremely complex. One corporate group cannot solve them all. However, a company that aspires to contribute more to creating a better and sustainable society can make a difference. I want the Group to move ahead by sharing our aspiration with our employees and all stakeholders and with new business partners. The IHI Group is

making a concerted effort to carry out our new ESG management and fulfill our aspiration.

The Making of IHI's ESG Management

Continuing our history of change

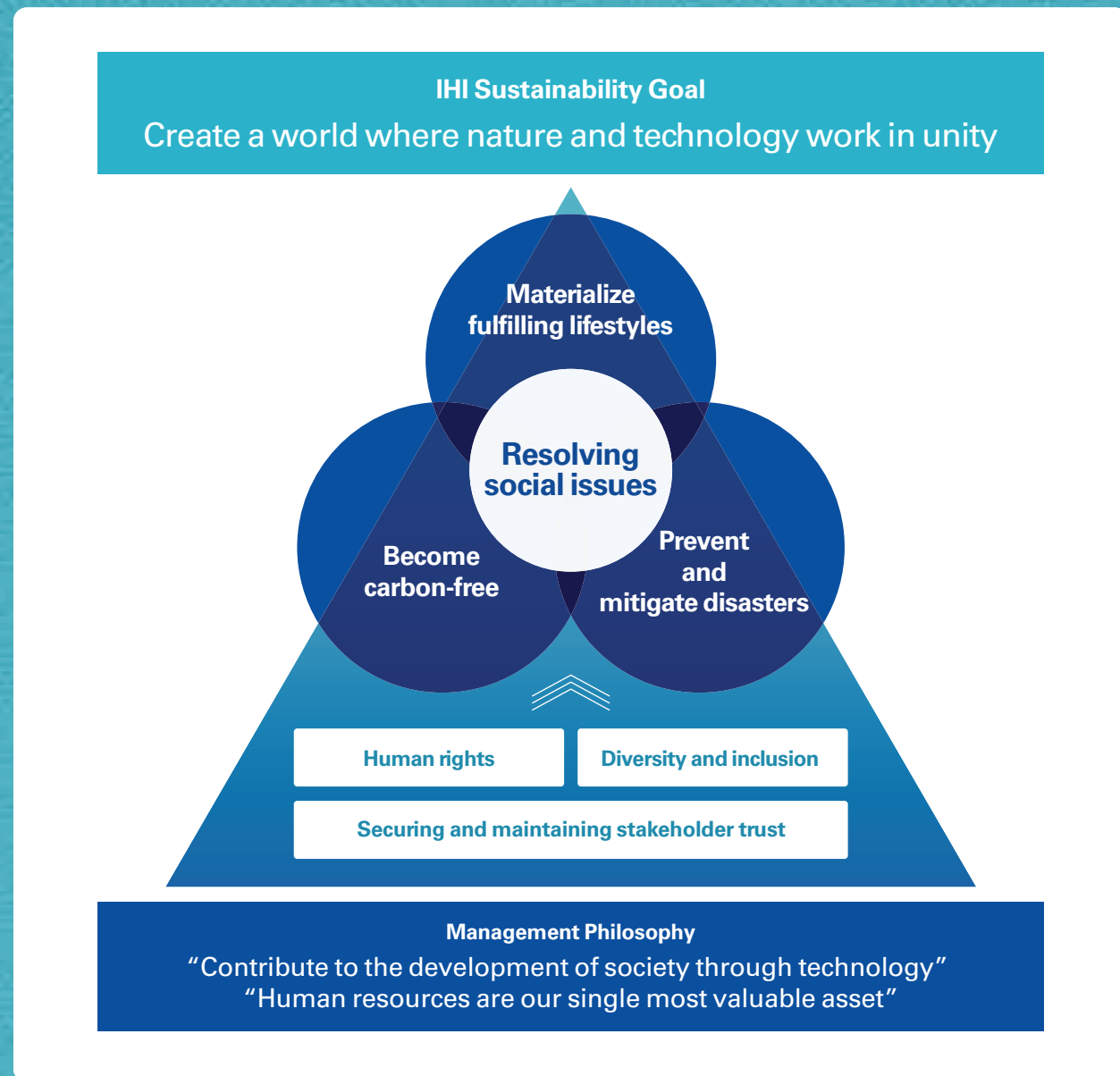
Since my appointment as company president in April 2020, I have met with numerous employees from across the IHI Group. I have been answering questions and responding to their concerns, while also explaining the direction we need to take as a company.

Engaging directly with employees provides perspective to a sense of crisis that comes with change and enables them to take appropriate action. This is essential to continuing our history of change. I look forward to communicating with more employees.



IHI Group ESG Management

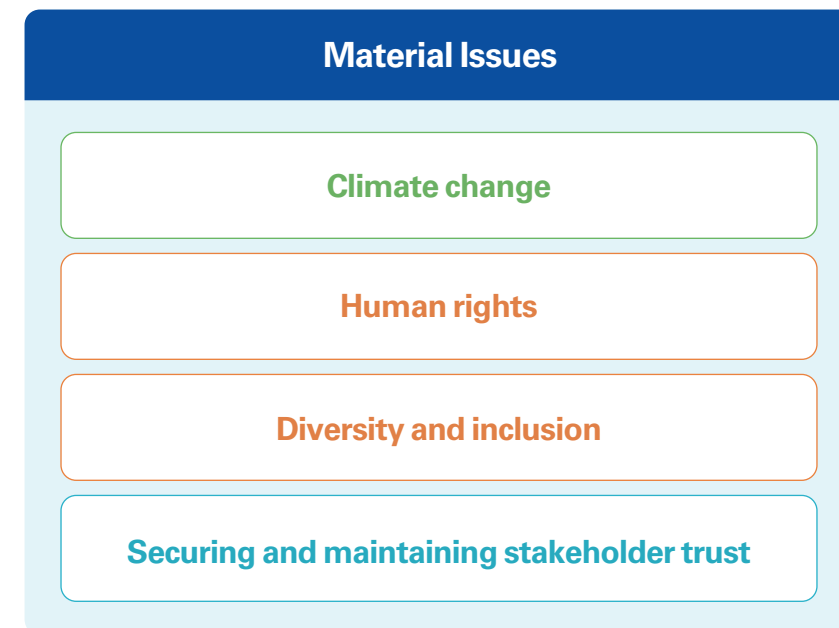
The IHI Group is seeking to create a world where nature and technology work in unity—a sustainable world where technology protects society from extreme environmental events and people live and flourish in a safe and secure environment. We will use our business to tackle social issues, create social value, and raise our corporate value.



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.

Our ESG management considers the following to be material issues for our objectives: implementing global climate change countermeasures, respecting the human rights of people involved in our business operations, maintaining a diverse and inclusive workforce as a driving force of value creation, and securing stakeholder trust with earnest corporate management.



Creating a World Where Nature and Technology Work in Unity

The IHI Group is seeking to create a world where nature and technology work in unity through addressing social issues in three main areas by becoming carbon-free, preventing and mitigating disasters, and enriching lives of all people. We are doing our part to enable flourishing societies while taking steps to halt global climate change through mitigation by reducing our greenhouse gas (GHG) emissions, and through adaptation by preparing for the impact to reduce the negative effects from climate change.

Tackling Climate Change: Becoming Carbon-free

The IHI Group has pledged to make its complete value chain carbon-neutral by 2050. We aim to be carbon-neutral in our processes overall by reducing the direct and indirect (Scope 1 and 2) GHG emissions from our business activities as well as Scope 3 emissions from the upstream and downstream processes in our value chain. We have categorized initiatives using our products and services into the two actions of "transition" for our existing technologies and "transformation" primarily through new technologies.

IHI Carbon-neutral 2050

Our 2050 goal to achieve carbon neutrality throughout the entire value chain

Initiatives to Become Carbon-neutral

Business operations	Procurement	Partner with eco-friendly businesses
	Production	Pioneer the adoption of new technologies, including for in-house products and systems
		Fuel conversion
Products and services	Improve current technologies Transition	Use of renewable energy
		Enhance efficiency of current power plants
		Lighten and electrify products
	Introduce new technologies Transformation	Utilize renewable energy
		Use hydrogen and ammonia
		Recycle carbon

Initiatives to Achieve Carbon-neutral Business Operations

We are seeking to make our business activities carbon-neutral by actively introducing our products, systems, and other new technologies to reduce CO₂ emissions from our production operations and by converting to fuels with low or zero CO₂ emissions.

We are also promoting the use of renewable energy. We are actively partnering with suppliers with environmentally friendly operations and working to achieve carbon neutrality throughout the value chain.

CO₂ Emission Reduction Initiatives

Procurement

Scope 3 Category 1 (Purchased goods and services)

Promoting CSR Procurement*

- Actively partner with environmentally sound suppliers
- Introduce products designed to be environmentally friendly

*CSR procurement is obtaining the materials and equipment needed for our operations based on the core requirements of quality, cost, and delivery and with full consideration of human rights, occupational health and safety, the environment, and information management.

Production

254,000 t-CO₂

Scope 1 (Direct Emissions)

- Electrification : Convert from fuel-based to electric equipment
- Fuel conversion : Convert to low-carbon and non-fossil fuel sources

Scope 2 (Indirect Emissions)

- Energy saving : Replace aging equipment, introduce power-saving and high-efficiency equipment
- Renewable energy : Introduce renewable energy equipment, purchase renewable energy
- Power consumption optimization : Introduce an energy management system

Balance CO₂ emissions and absorption

- Introduce equipment to capture CO₂ from exhaust emissions
- Use carbon credits

Status in 2019 → **Carbon-neutral in 2050 (Balanced Emissions and Absorption)**

Spotlight Using Ammonia as Fuel and Constructing an Ammonia Value Chain

Ammonia, NH₃, is a chemical compound composed of one nitrogen atom and three hydrogen atoms. Since burning ammonia does not produce CO₂ emissions, it is promising as a next-generation fuel source to help mitigate climate change. The IHI Group is cultivating its combustion technologies for thermal power generation to develop power generation technology using ammonia as a fuel. In addition, we are currently engaging in a demonstration project* aimed at developing vessels equipped with domestically produced ammonia-fuel engines. We are also preparing the infrastructure for more widespread use of ammonia as a fuel by constructing a complete ammonia value chain from production to consumption.

Carbon Dioxide-free Power Generation Using Ammonia

While transitioning to carbon neutrality, we will reduce our CO₂ emissions by co-firing ammonia and fossil fuels. Our ultimate objective is to exclusively use ammonia as a fuel source for thermal power and gas turbine power generation with zero CO₂ emissions.

From Co-firing to 100% Ammonia

World's First **Demonstration project for a full-scale ammonia co-firing power plant**

In June 2021, we launched a four-year demonstration project at a large-scale commercial thermal power generation plant to develop co-firing technology for coal and ammonia. Subsidized by the New Energy and Industrial Technology Development Organization (NEDO) and implemented in collaboration with JERA, the project is aiming to achieve an ammonia co-firing rate of 20% at Unit 4 of JERA's Hekinan Thermal Power Station (power generation capacity: 1GW) in fiscal 2024.



JERA Hekinan Thermal Power Station, site of the test project in Hekinan, Aichi Prefecture (Image courtesy of JERA)

World's First **Stable combustion attained at 70% liquid ammonia co-firing ratio**

The IHI Group is participating in a project commissioned by NEDO to develop technology for a 2,000-kilowatt-class gas turbine that directly sprays liquid ammonia into the combustor for co-firing with natural gas. In March 2021, the project achieved the world's first stable combustion with a co-firing ratio of 70% liquid ammonia on a calorific basis. The project is aiming to commercialize a fully ammonia-fired gas turbine by 2025.



2,000-kilowatt-class gas turbine co-firing liquid ammonia and natural gas at IHI Yokohama Works

* Subsidized by NEDO and launched in December 2021, the project to develop ships that run on domestically produced ammonia-fuel engines is a collaboration of NYK Line, Japan Engine Corporation, IHI Power Systems, Nihon Shipyard, and the Nippon Kaiji Kyokai.

The Ammonia Value Chain

Worldwide ammonia production amounted to roughly 200 million tons in 2019. The vast majority of ammonia, however, is consumed locally, as only about 20 million tons were traded on global markets. This means that if the major Japanese electric power companies were to adopt 20% co-firing at their coal-fired power plants, they would need some 20 million tons of ammonia¹⁾ annually.

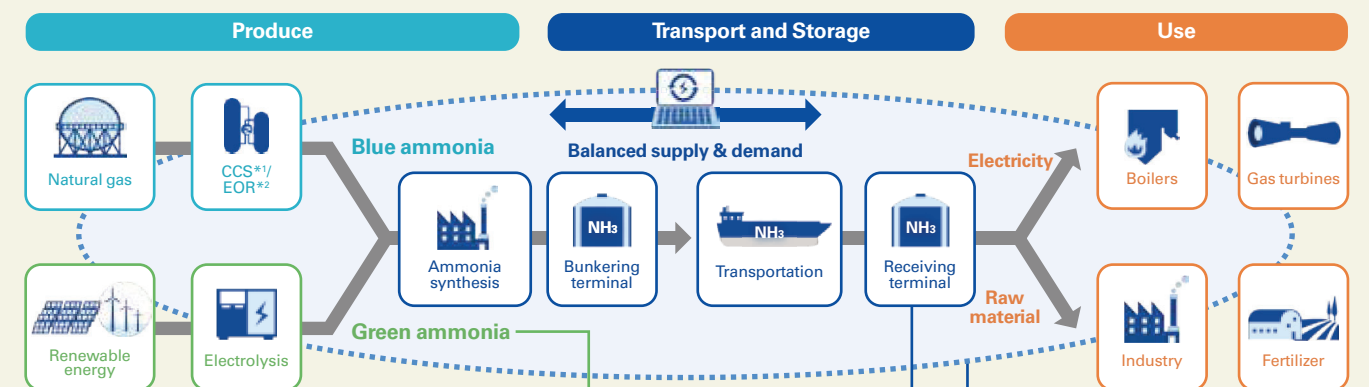
Ammonia is currently widely used as a raw material for fertilizers and chemical products, but the volume is relatively

small. When the power generation industry begins increasing ammonia consumption, a full infrastructure will be needed not just for mass production but also for transport and storage, much like the distribution network for LNG.

The IHI Group will be involved in various processes in the ammonia value chain from production to use, including developing carbon-free manufacturing technologies and engineering and constructing liquid ammonia receiving sites.

1) Source: FY2020 Annual Report on Energy (Energy White Paper 2021)

Constructing the Ammonia Value Chain



*1 CCS: Carbon dioxide Capture & Storage
*2 EOR: Enhanced Oil Recovery

Feasibility Study with CS Energy for Carbon-free Hydrogen Production and Sale in Australia

IHI is collaborating with CS Energy, a state-owned electric power company in Queensland, Australia, on a feasibility study for the Kogan Hydrogen Demonstration Project to produce and sell carbon-free hydrogen produced at the solar power facilities on land adjoining the Kogan Creek Power Station.

Green Ammonia Business Study in Tasmania

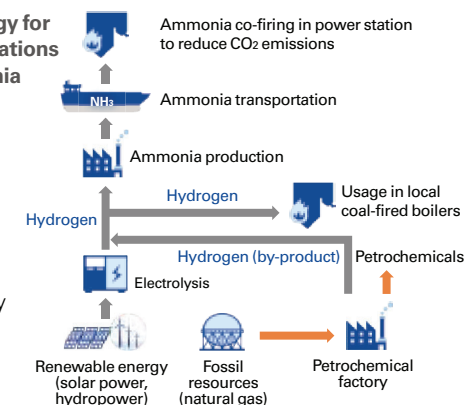
IHI, Marubeni Corporation, and the major Australian energy company Woodside Energy are studying the potential to produce green ammonia in the Bell Bay region in Tasmania, Australia. The study is exploring technologies, projected demand in the Japanese and Asian markets, and other aspects of the green ammonia supply chain.

IHI and Idemitsu to Explore Establishing Joint Ammonia Supply Chain Using the Idemitsu Tokuyama Complex

IHI and Idemitsu Kosan Co., Ltd. are examining repurposing the storage facilities and petrochemical equipment of the Idemitsu Kosan Tokuyama Plant as an ammonia import terminal and testing the potential for ammonia co-firing in the plant's naphtha cracking furnace.

Feasibility Study to Assess Technology for Ammonia Co-firing at Coal Power Stations and Construct a Carbon-free Ammonia Supply Chain in Malaysia

IHI is engaging with Petronas Gas & New Energy, subsidiary of the state-owned Petroleum Nasional Bhd (PETRONAS), and TNB Power Generation, subsidiary of the country's biggest electricity utility Tenaga Nasional Berhad, to study the feasibility of an ammonia supply chain in Malaysia. The study is scheduled to be completed in February 2022.



Development of Receiving and Storage Terminal for a Large-scale Ammonia Supply Chain

IHI is advancing development of ammonia receiving terminals with the aim of scaling up to the size of LNG terminals by around 2025.



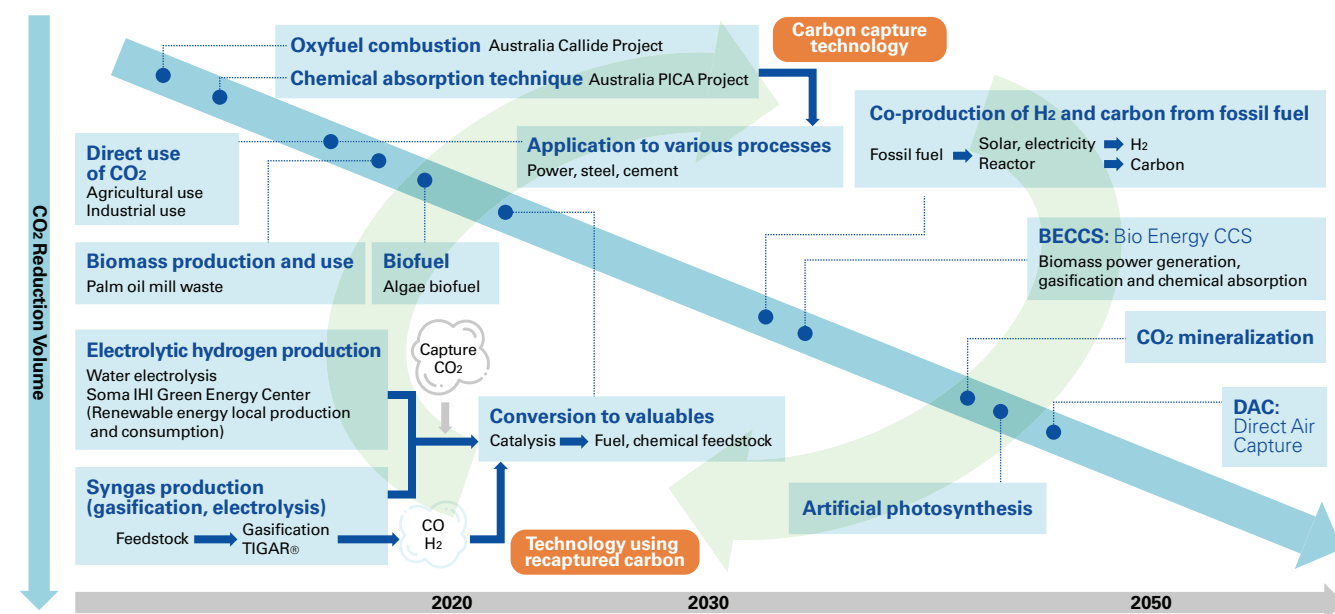
Using Recycled Carbon as an Energy Source

The IHI Group prevents the release of CO₂ into the atmosphere with carbon capture, utilization, and storage (CCUS) technology that captures and separates CO₂ emitted from thermal power plants and other facilities. The captured CO₂ can be mixed with a catalyst and carbon-free hydrogen produced using surplus electricity generated from renewable energy to make methane (CH₄) fuel or olefins, used to make plastic.

Our plan to achieve carbon neutrality in the fuel and feedstock operations is to continue lowering the cost of capturing

CO₂, making carbon capture technology widely available, and acquiring catalyst technology and developing processes for synthesizing fuels and chemical feedstock. We will also acquire next-generation water electrolysis technology to produce hydrogen, and co-electrolysis technology of water and CO₂ to produce valuable substances as we build a business to supply electrolysis and valuable resource conversion equipment. In addition, we are advancing toward practical application of technology that directly captures CO₂ from the atmosphere.

Carbon Recycling Roadmap

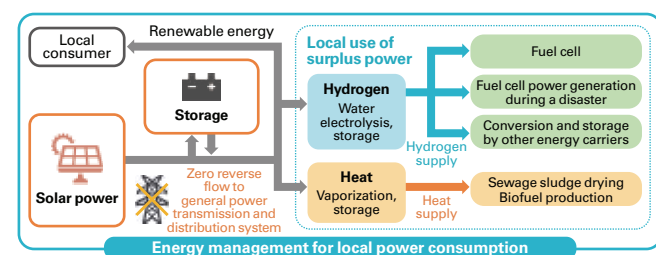


Renewable Energy Use and the Energy Management System

The production of solar power, wind power, and other renewable energy fluctuates depending on the weather and time of day. Energy management systems that store surplus electricity in storage batteries for later use when demand arises and that produce hydrogen and steam as alternative energy sources are important technologies for achieving optimal energy use.

The IHI Group is developing a smart community project in Soma, Fukushima Prefecture, that will maximize use of local renewable energy. Group subsidiary, IHI Terasun Solutions, Inc., is building an energy management service business in North America to enable clients to make effective use of renewable energy.

Smart Community Business Model



Energy Storage Management System provided by IHI Terasun Solutions, Inc.

TECHNOLOGY FOR THE FUTURE

Technology in Unity with Nature #1

A carbon-free energy resource from water and air

Creating the fuel of the future with water and air using solar and wind power. Water and air can be converted into clean fuel, such as in the form of ammonia that is available anytime and anywhere.

IHI is creating a future where digging resources out of the ground will be a thing of the past.



IHI Action Plan

Technology Needed

Target for 2050

100% carbon-free power generation with hydrogen and ammonia

- Use only non-combustible ammonia as fuel
- Produce ammonia at low cost from renewable energy

100% stable ammonia combustion technology

Power plants, Industrial furnaces, Ships

Achieve a world that can prosper without relying on fossil resources and reduces atmospheric CO₂ concentration

Use CO₂ as a resource → Reduce CO₂ from power generation to zero

Daily necessities, Ammonia power generation

Fossil resources

Produce fuel and raw materials without the use of underground resources

- Use catalysts to produce basic chemical feedstock from CO₂ and hydrogen at low cost
- Use electricity to readily synthesize carbon-containing materials in common items

Low-cost synthesis technology (similar to current fossil resources) for basic chemical feedstock, such as methane and olefin

CO₂ capture technology, synthetic catalysts, reactor technology

100% carbon-free power generation with hydrogen and ammonia

Low-cost synthesis technology (similar to current fossil resources) for basic chemical feedstock, such as methane and olefin

Next-generation electric power direct synthesis technology

Highly efficient co-electrolysis technology

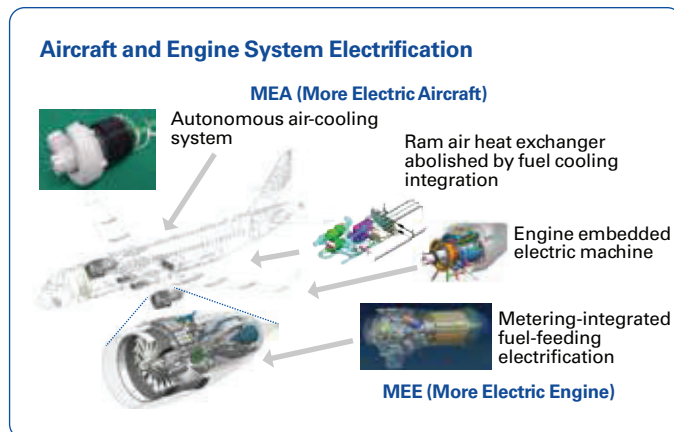
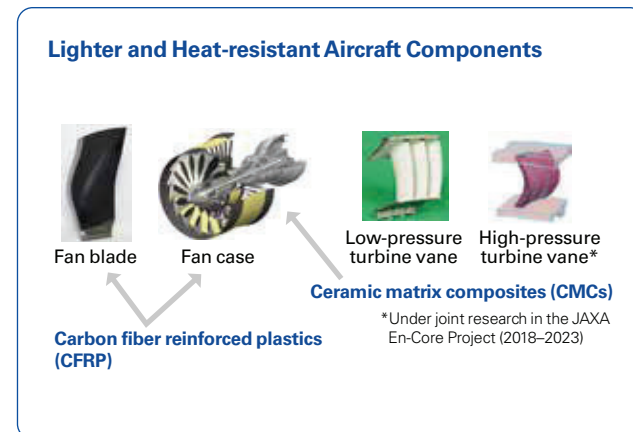
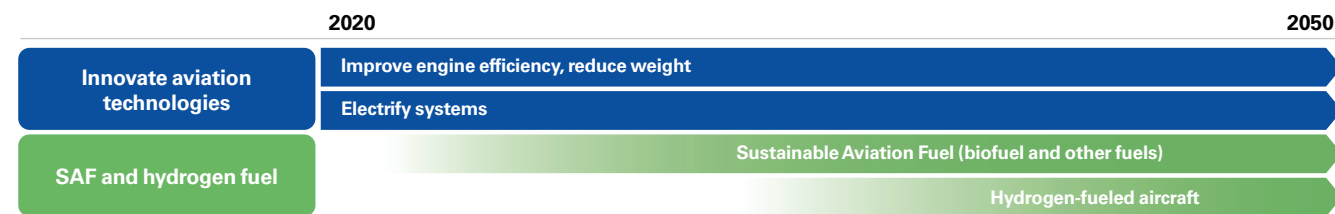
Lighten Products, Electrify, and Convert Fuel for Transport Systems

We are advancing several initiatives to also make our transport sector operations carbon neutral.

Air Transportation Systems

The aviation industry is seeking to reduce CO₂ emissions to make air transportation more environmentally friendly. In this direction, the International Air Transport Association in October 2021 the International Air Transport Association resolved that the global air transport industry will aim to achieve net-zero carbon emissions by 2050. The IHI Group is working to reduce

aircraft CO₂ emissions in various ways, such as by improving transport efficiency and engineering parts made from composite materials that will lighten aircraft engines. We are also designing electrification technology for aircrafts, adapting fossil-free jet fuel and hydrogen fuel, and innovating other technologies for the future.

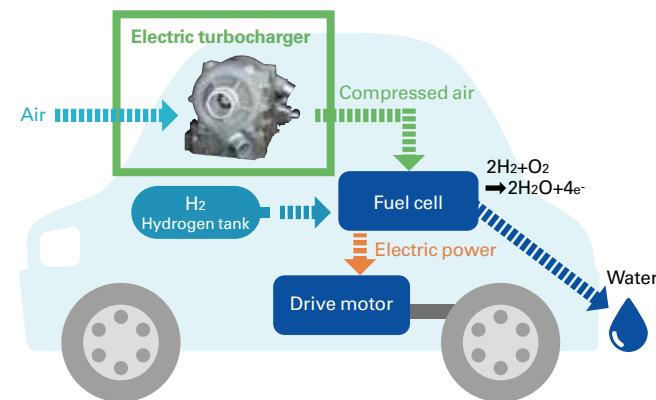


Automobiles

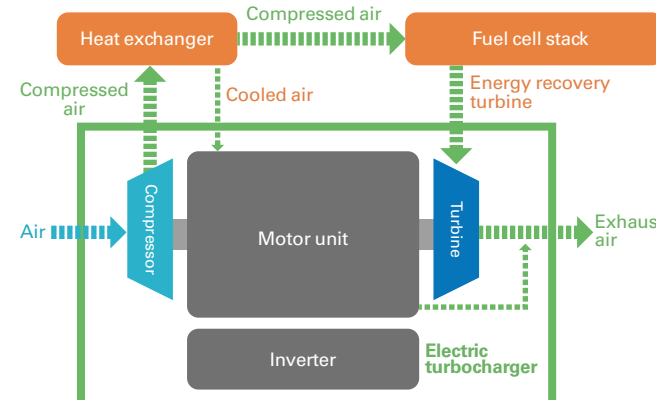
The transition to electrification is progressing rapidly in the automobile industry. As the industry shifts to electric vehicles, the IHI Group will secure market share by adapting its current turbochargers to hybrid vehicles. As the move toward full

electrification gains momentum, we will develop business for our electric-assist turbochargers for luxury vehicles and electric turbochargers for fuel cell commercial vehicles.

How Electric Turbochargers Add Power to Fuel Cell Vehicles



Internal Configuration of an Electric Turbocharger



TECHNOLOGY FOR THE FUTURE

Technology in Unity with Nature #2

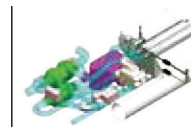
Mobility Supported by Air

A standard fan spins at 1,000 rpm
an IHI motor of about the same size spins at 100,000 rpm
and generates more power than over 100 fans.
Supporting the rotating shaft is not oil or metal, but air.
The ultra-high-speed rotation
that air makes possible will transform the future of mobility.

Achieving Higher Mobility Efficiency



Air cooling of high-power electronic devices for increased efficiency and reduced environmental burden



Highly efficient in-cabin air conditioning and pressurization, and air energy recovery during external ventilation



Air (oxygen) supply to fuel cells and recovery of energy from exhaust

IHI Action Plan

Technology Needed

Target for 2050

Aircraft, engine, SAF

- Reduce aircraft energy loss
- Enhance aircraft engine efficiency
- Adapt to SAF and optimize operating conditions

Electrify aircraft and engine systems

- Electrify aircraft system to improve efficiency and performance
- Achieve optimal and total management of energy and power

Weight reduction and composite material structural technologies

Innovative engine materials and structural technologies

Conversion to renewable energy

Advanced gas turbine and fuel control

Total management of air conditioning, cooling, and aerodynamics

Development and adoption of electrified aircraft and engine systems

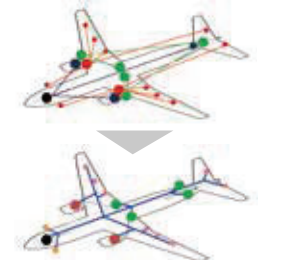
Contribute to carbon-neutral aircrafts by improving engine, structure and system efficiency, reducing weight, and adapting to SAF

Realize high-efficiency engines and lightweight structures



Electrify aircraft and engine systems

● Pneumatic pressure
● Hydraulic pressure ● Electricity



Climate Change: Preventing and Mitigating Disasters

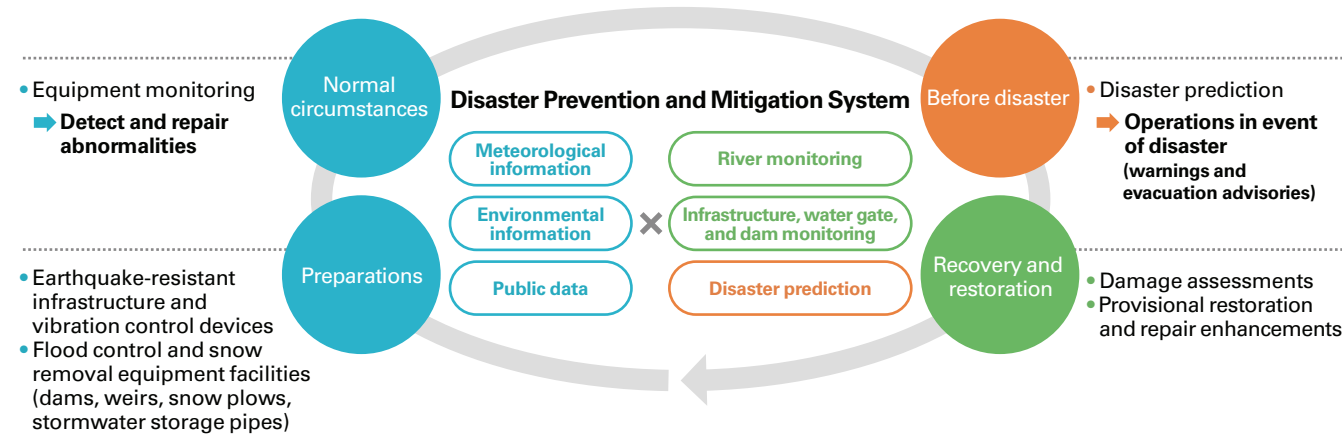
The IHI Group is helping to realize safe, secure, and comfortable communities by improving infrastructure to be more economical and disaster resilient, and by constructing systems that combine infrastructure with disaster and damage prediction to achieve zero human suffering.

We are building on our strength in advanced maintenance technologies for bridges and other infrastructure. By adding sensing and monitoring technologies and developing preventive diagnosis technology, we are expanding our business to provide timely and appropriate infrastructure maintenance. We will shorten the lead times for construction projects and automate construction processes

so we can provide earlier care for aging infrastructure and sufficiently respond to the growing maintenance demand amid a shortage of skilled workers. We also aim to minimize the human impact and economic loss from extreme weather events by predicting disasters and controlling local infrastructure using meteorological information and disaster event data collected from sensors. In addition, we will offer products and services that contribute to disaster recovery and assist people return to their normal lives as quickly as possible.

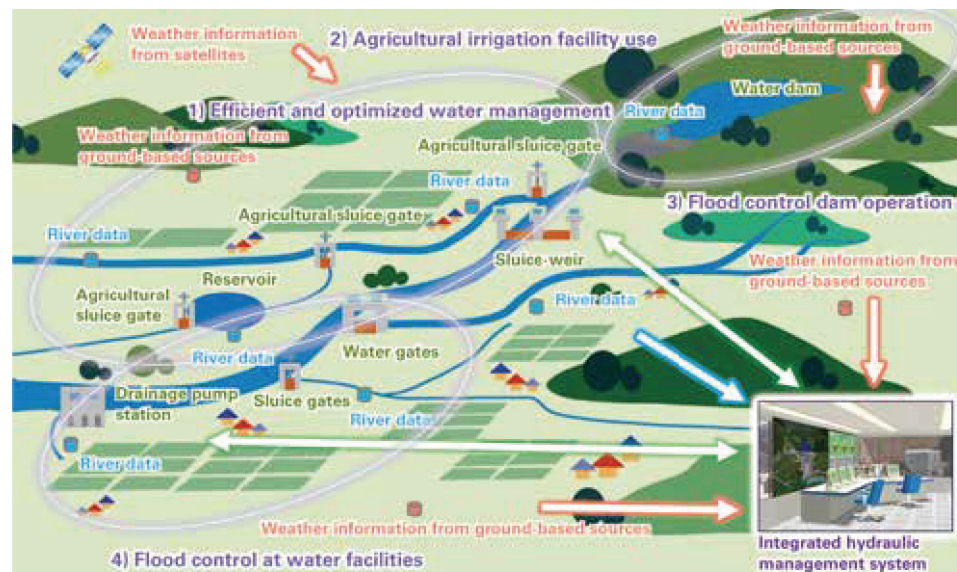
We are working to establish communities with dual-purpose infrastructure that is resilient in emergencies and convenient in normal times.

Creating a Resilient Social Infrastructure



Integrated Hydraulic Control

Flood damage can be minimized through integrated operation of dams, water gates, drainage pump stations, and other upstream and downstream river management facilities.



TECHNOLOGY FOR THE FUTURE

Technology in Unity with Nature #3

Two-month Rain Forecast Preparation

Lead time is essential to mitigating the impact of disasters. Longer forecast projections provide more time to take preventive measures.

IHI is monitoring weather using satellite data and AI to become the forerunner in predicting future weather conditions.



IHI Action Plan

Technology Needed

Target for 2050

Smarter, more pliable infrastructure

- Minimize life cycle cost
- Maximize the use of natural capital
- Reduce disaster risk through labor saving and semi-automation
- Increase the added value of disaster prevention infrastructure
- Provide reliable and highly accurate disaster risk prediction

Nature sensing and analysis, risk management and control

- Reliably and accurately identify and predict natural phenomena
- Manage and control risk of damage from natural phenomena
- Restore and conserve the earth environment, such as forests

Infrastructure deterioration prediction and preventive maintenance

Flood control systems in watershed zones

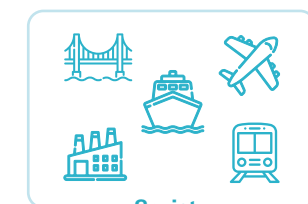
Dual- and multi-use disaster prevention infrastructure

Application of digital twins in nature and society for real-world feedback

Highly detailed, ultra-long-term weather forecasting

Forest water cycle sensing and management, satellite-based CO₂ absorption measurement

Combine digital twin technology using sensing and analysis of the natural environment with smart and pliable infrastructure to help build a resilient society and enhance the lives of all people



Understanding
Disaster forecasting using natural digital twins

Adaptation
Precision engineering and use based on forecasts



Keys to Realizing our Sustainability Goal

Human Rights of All Stakeholders

We are using our value chain to protect against and reduce the negative impacts of our business activities on our stakeholders and rights-holders* as part of our efforts to enrich the lives of all people.

*People or groups whose human rights could be affected by corporate activities

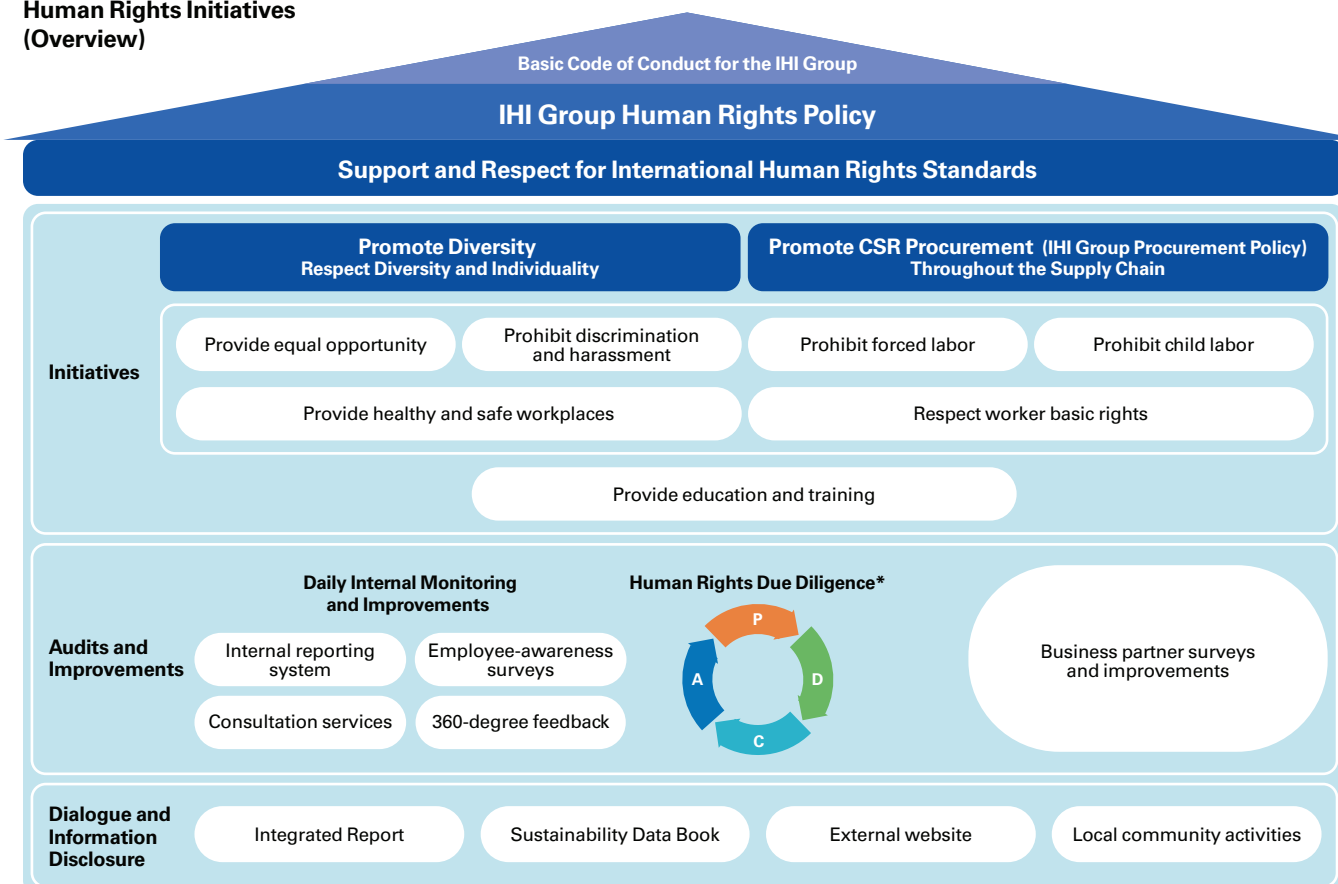
Human Rights Initiatives

The Basic Code of Conduct for the IHI Group reflects our Management Philosophy and outlines what we should do to be aware of global issues and to meet the expectations of all stakeholders. In accordance with the Basic Code of Conduct for the IHI Group, we established the IHI Group Human Rights Policy in December 2020. We are conducting human rights awareness activities following international standards to fulfill our responsibility to respect the human rights of all by fostering a respectful corporate culture and promoting human rights throughout our business activities.

We also enforce the IHI Group Procurement Policy to fulfill our responsibility and work with our business partners for CSR procurement in our supply chain that gives due consideration to human rights, labor conditions, occupational health and safety, the environment, and information management.

The IHI Group Human Rights Policy is guiding our efforts to promote diversity and respect for the individual with measures to ensure fair hiring and working conditions, equal opportunity, and a harassment-free workplace. With our business partners, we implement human rights initiatives to prevent potential human rights issues from arising in any of our business activities.

Human Rights Initiatives (Overview)



* An overall process of conducting risk assessments and evaluations to improve the effectiveness of the IHI Group's commitment to human rights

Important Human Rights Issues and Actions

We conduct human rights due diligence to identify and assess risks related to human rights and to verify and improve the results of our measures.

The first step in this process is to select human rights issues that are material and pertinent to the IHI Group. This will be based on the results of analysis and evaluations conducted

with external experts, vital human rights issues in the manufacturing industry, internal monitoring, and international trends related to human rights issues. We conduct human rights impact assessment surveys with IHI Group employees and suppliers who are our high priority rights-holders to identify, prevent, and reduce human rights risks in our business activities.

Important Human Rights Issues

- Prohibit forced labor
- Prohibit child labor
- Provide equal opportunity
- Prohibit discrimination and harassment
- Provide healthy and safe workplaces
- Respect worker basic rights

Actions

- Conduct a human rights impact assessment
- Strengthen supply chain management
- Provide education and training
- Construct a global human rights risk management system
- Publicly disclose information on the status of initiatives

Supporting Individual Initiative

Respect for human rights is integral to the IHI Group's Management Philosophy of "Contribute to the development of society through technology" and "Human resources are our single most valuable asset."

Our business activities connect with not only our customers, business partners, and shareholders, but also with our employees and local and international communities. As a company, it is our duty to be aware that we are conducting business activities with a vast number of people and that our business has an impact on society. Furthermore, as a member of society, it is our responsibility to maintain a clear perspective on human rights.

We will create work environments where employees feel emotionally safe in the workplace and recognize they are doing meaningful.

We will also foster a corporate culture where employees are encouraged to speak out against discrimination, harassment, and other human rights violations.



Diversity and Inclusion

Welcoming diversity and accurately understanding and responding to changes in the social environment are essential to a sustainable society. Our commitment to this is reflected in the two main themes of our management strategy: “seeking the ideal relationship of the individual and the organization” and “diversity and inclusion.”

Seeking the Ideal Relationship of the Individual and the Organization

Japanese companies have generally provided a balance where employees receive long-term employment and a guaranteed salary, and where the company assigns their duties and creates the work environments and employment conditions. While this relationship between the individual and the organization may allow employees to fulfill their assigned duties, it makes it difficult to accommodate the type of flexibility needed to respond to the rapid changes in our world that are happening today.

The IHI Group’s ability to continue existing as a company in society depends on every employee understanding our corporate mission and management philosophy of “contributing to the development of society” and our goal to “create a world where nature and technology work in unity.” We believe that key elements to attaining sustaining growth are to align the organization and our employees and ultimately to maintain a relationship where we contribute to each other’s growth.

A Network of Interacting Stakeholders

The IHI Group is connected to society through a vast network of stakeholders that interact with each other. We actively partner with employees, shareholders, customers, business partners, local communities, and other groups with which we share ideas and capital, creating a coexistence and coprosperity network that goes beyond the group and national borders.

The IHI Group cannot solve social issues and create a sustainable society on its own, and it is becoming more important than ever that we further strengthen the cooperation and collaboration throughout the network. The IHI Group uses its network to identify social issues and apply its businesses to finding solutions. These efforts by the Group provide social value to stakeholders and enhance our corporate value.

Expectations for Our Group

- Continuously and consistently exemplify the company’s goal for stakeholders of all our business activities and link the actions of all employees to that goal
- Attract diverse stakeholders and human resources; respect different perspectives, values, skills, and backgrounds; constantly create an environment where individuals can fulfill their potential



Expectations for Our Human Resources

- Share and seek to fulfill the IHI Group’s purpose and goals
- Respect the viewpoints and values of stakeholders in all business activities
- Seek new solutions by considering the present and future independently, objectively, and openly

Diversity as a Driver for Value Creation

In our network, human resources are central to the effective cooperation and collaboration of stakeholders and the creation of value. For human resources to fulfill that role, we must respect each employee’s individuality and values and create an environment that will bring out each employee’s potential. Creating such an environment will enable the IHI Group to organically connect diverse viewpoints, seek the ideal relationship of the individual and the organization, and generate innovation and creation.

Before we can address the social issues that are arising with our changing times, we must obtain human resources with flexible ideas, and have an organization with the flexibility to convert those ideas into businesses. Creating an environment that respects diversity will make that possible and will be a driving force for cultivating the corporate value needed to realize a sustainable society.

Diverse and Actively Participating Human Resources

Diversity and inclusion that respects and accepts the differences of individuals increases employee motivation and engagement. This is a fundamental value that will enable the IHI Group to continue growing and pursuing business opportunities as we address social issues. The IHI Group is creating an environment where human

resources with various backgrounds, distinct experiences, and original perspectives can play an active role. We will also expand the human resources structure to provide employees various opportunities to acquire broader perspectives and experience.



Work environments where diverse individuals play an active role



New work practices (“Smart Work”)

Opportunities for various experiences (second jobs, in-house side job programs)



Global structure and system reinforcement



Securing and Maintaining Stakeholder Trust

To use our business to solve social issues and enhance corporate value, we need a foundation to maximize the Group's inherent strengths and active dialogue with all our stakeholders.

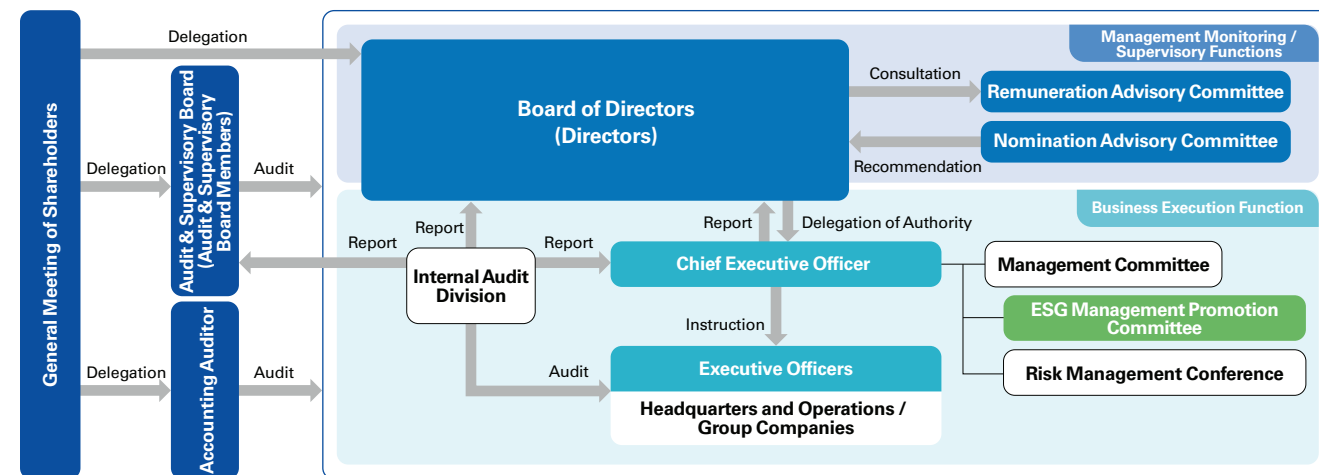
Governance System

To improve management efficiency and to maximize our ongoing growth and corporate value, we are making internal decision-making more efficient by clearly delineating the management monitoring and supervisory functions and the business execution function.

To accelerate ESG management in the company, on the business execution side, the ESG Management Promotion

Committee, which is under direct supervision of the CEO, will conduct thorough discussion of basic policy and measures related to sustainability. The ongoing discussion of the measures regarding sustainability matters will be reported to the Board of Directors, which evaluates and supervises activities related to sustainability in our business execution with the objective of enhancing corporate value.

Corporate Governance Management Structure



Hiroshi Ide
President and Chief Executive Officer
IHI Corporation

Chieko Matsuda
Outside Director (Independent)
IHI Corporation

The Making of IHI's ESG Management

IHI Group Approach to ESG: Discussion with Stakeholders

President Ide is determined to take a different approach to discussing the direction IHI management will take with its ESG-aligned values with shareholders, investors, customers, business partners, local communities, employees, and our wide range of stakeholders. Over the past year, we have held numerous discussions regarding the IHI Group's approach to ESG with the company's directors, executive officers, and new and mid-career employees.

To further the discussion about the execution of ESG management, we plan to create a workplace that encourages employees to voice their opinions and views with the aim to create an ESG management style that is unique to the IHI Group.

▶ IHI Integrated Report 2021
Pages 35-38
Discussion between the President and Outside Director



Our Unwavering Aspiration

Shining New Light into the Future

Asked for his idea about how to use the newly completed Lake Biwa Canal, our founder Tomiji Hirano said, "Build a power plant that will harness the water level of Lake Biwa to light every house in Kyoto."

Converting the water flow to electricity would take the energy otherwise limited to the waterway and make it available for wider use as electricity and lighting.

His inspiration put IHI at the forefront of electric power generation in Japan.

That innovation rejuvenated Kyoto and lit the way for cities across the country to grow and prosper. It was the dawn of urban innovation.



A pelton turbine
Ishikawajima Shipyard (1891)

Shining New Light in Our 200th Year

IHI will be marking its 200th year in 2053.

What challenges will the world be facing at that time?

Global warming, frequent natural disasters, declining populations, increasing wealth disparity...

We will be doing what we've always done—shining new light, protecting people's lives, and living in unity with nature.

IHI
Realize your dreams

An aerial view of a tropical island with palm trees and a boat on the water. The background is a solid teal color. In the top right corner, there is a small island with green palm trees and a white sandy beach. In the bottom left corner, there is a small orange and white boat. In the center, there is a quote. In the bottom left corner, there is the IHI logo and tagline. In the bottom right corner, there are white clouds.

“

Create a World Where
Nature and Technology Work in Unity

”

IHI

Realize your dreams