

Conservation of the Global Environment (Pollution Prevention and Biodiversity Conservation)

Approach

The IHI Group sees conservation of the global environment as an important management issue and is working to prevent atmosphere, water, and soil pollution and protect biodiversity.

To address chemical substances in products, the IHI Group established the Basic Policy on Chemicals Information Management and performs management. This policy addresses the addition of regulated substances, changes in control values, and strengthening of rules based on laws and regulations or customer requirements in the countries and regions where our products and services are marketed.

Policy

● IHI Group's Basic Policy on Chemicals Information Management

Basic Activities

1. The IHI Group independently manages chemical substance data by not only complying with the laws, regulations, and standards on the management of chemical substances in Japan and overseas but by also clearly grasping trends of global chemical management. Minimizing the health and environmental impact of IHI Group products and services enhances the competitiveness of our products.

Scope

2. All IHI Group business activities

Education

3. The IHI Group provides the necessary information and training on laws and regulations to heighten legal and regulatory awareness among all Officers as well as IHI and partner company employees.

Management System, etc.

4. The IHI Group sets regulations regarding chemical substance information management, putting measures into place, and the continual implementation of activities including both maintenance and improvement.

Governance

The IHI Group deliberates and decides on the approach and important matters concerning conservation of the global environment through the Environment Committee, a Group-wide body. Each office, plant, and business establishment has set up an environment committee to draft policies tailored to the needs of each region based on Group-wide policy.

P.11 Sustainability Management

P.17 Environmental Management—Governance

Strategy

The IHI Group has set zero violations of environmental laws and regulations and zero accidents as environmental targets, and compliance with environmental laws and regulations, as well as the prevention of environmental accidents, are positioned as the top priorities for environmental activities at offices and plants.

Regarding the conservation of biodiversity, the Group believes that the sustainable use of natural capital is crucial for the continuation of business, and accordingly, it is focusing on measures to address climate change, which has a major impact on biodiversity. At offices and plants, they are implementing measures linked to the 2030 global targets specified in the Kunming-Montreal Global Biodiversity Framework (GBF), which was formulated at COP15.

P.17 Environmental Management—Strategy

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Risk Management

Water Pollution Prevention

The IHI Group strictly complies with wastewater standards and establishes and manages voluntary wastewater standards that exceed public standards set in laws and regulations, such as the Water Pollution Prevention Act, and ordinances adopted by local governments to preserve the quality of public bodies of water including oceans and rivers into which the Group discharges water. To confirm the status of achievement of standard values, the Group carries out regular voluntary water sampling, analysis, and monitoring and daily patrol inspections of discharge outlets. For maintenance of wastewater treatment facilities, the Group performs systematic updates of aging equipment, measuring devices, and buried pipes.

Soil Contamination Prevention

To prevent soil contamination, the IHI Group identified specific areas that use hazardous substances designated by the Soil Contamination Countermeasures Act and strives to prevent leaks of chemical substances by establishing operational procedures and performing periodic patrols.

In areas where hazardous substances are used, the Group makes capital investments to prepare for leaks, such as by establishing liquid containment embankments with durable, highly chemical resistant interior coatings. At hazardous waste storage sites in particular, in principle, waste is stored indoors and the Group strives to prevent leaks caused by bad weather.

Prevention of Pollution by Chemical Substances

The IHI Group uses chemical substances while minimizing their impact on human health and the environment throughout the life cycle of IHI products from manufacture to disposal.

To achieve this, the Group broadly divides chemical substances into those used at offices and plants and those contained in products and it performs management appropriate for each.

Chemical Substance Management at Offices and Plants

The IHI Group complies with laws and regulations relating to chemical substance management and gains accurate grasp and understanding of the properties and hazard information of chemical substances used to ensure worker safety and prevent environmental pollution.

In accordance with the Act on Pollutant Release and Transfer Register (PRTR Act) administered by the Ministry of Economy, Trade and Industry, the Group appropriately determines the amount of emissions of specified chemical substances into the air, public waters, and soil and amounts discharged to sewers and waste and provides proper notifications to the national government via prefectural governments. In addition, the Group determines and properly complies with laws and regulations relating to chemical substances including the Air Pollution Control Act and local ordinances where its offices and plants are located.

To ensure worker safety at offices and plants, the IHI Group obtains and maintains Safety Data Sheets (SDS), determines hazard information and optimal handling, and manages chemical substances appropriately according to their properties. In addition, the Group prepared an operational management manual that covers the series of processes from purchasing and receiving to use, storage, and disposal to prevent soil, water, and atmospheric

pollution caused by leaks of chemical substances (environmental accidents). The Group also conducts emergency response training and makes periodic capital investment to update aging facilities.

In parallel with these measures, the Group also participates in follow-ups to voluntary efforts to reduce VOC emissions as a member company of the Japan Society of Industrial Machinery Manufacturers. The Group is also working to reduce atmospheric emissions by determining the amounts handled and released of substances subject to voluntary control other than those covered by the PRTR Act and by investigating and implementing measures such as switching to paint with low VOC content and improving paint management methods during painting processes.

Management of Chemical Substances Contained in Products

The IHI Group established the Basic Policy on Chemical Information Management and manages chemical substances contained in products.

To minimize the impact of Group products and services on human health and the environment, the Group obtains information about the chemical substances contained in materials, parts, etc. throughout the supply chain and confirms whether any chemicals are prohibited or exceed acceptable levels.

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Toxic Waste (Waste Containing PCB)

The IHI Group is furthering its response to properly dispose of hazardous polychlorinated biphenyls (PCBs) waste by organizing a specialized team led by the head office.

As of March 31, 2024, the Group has successfully disposed of 100% of electrical equipment containing high-concentration PCBs and 94.9% of electrical equipment containing low-concentration PCBs. For fluorescent lamp, 83.7% processing has been completed.

Environmental Risk Monitoring

IHI Group Head Office personnel visit offices and plants and perform environmental risk monitoring to check whether on-site measures are being implemented to prevent water, soil, and air pollution and whether management systems for chemical substances, waste, and so on have been established.

In fiscal 2023, audits were conducted at nine sites. The audits did not identify any major problems, but minor issues were found and promptly corrected, and the Group has confirmed that there are currently no problems with environmental management systems.

Biodiversity

IHI believes that it is important to enable sustainable use of natural resources while conducting business. The Group is fully aware of the impact of its business on natural resources and is working to establish a circular economy, conserve the global environment, and take measures against climate change, which has a major effect on biodiversity.

The Group has been participating in the 30by30 Alliance for Biodiversity of the Ministry of the Environment since May 2024.



Biodiversity Conservation Initiatives in Each Business Process

Business process	Initiatives	Reference
Raw material procurement	<ul style="list-style-type: none"> Incorporating biodiversity conservation into the IHI Group Code of Conduct for Business Partners 	<p>P.80 Supply Chain Management</p> <p>web IHI Group Procurement Policy</p>
Production/Processing	<ul style="list-style-type: none"> Energy conservation activities, use of low-carbon energy in production Wastewater management based on environmental laws and regulations Reducing water consumption by monitoring water withdrawal 	<p>P.21 Climate Change</p> <p>P.32 Conservation of the Global Environment (Pollution Prevention and Biodiversity Conservation)</p> <p>P.37 Circular Economy</p>
Logistics	<ul style="list-style-type: none"> Improving loading efficiency and promoting modal shift through the active use of ships 	<p>P.21 Climate Change</p>
Retail	<ul style="list-style-type: none"> Product sales that contribute to achieving carbon neutrality 	<p>P.40 Reduction of the Environmental Impact of Products and Services</p>
Maintenance/Disposal/Recycling	<ul style="list-style-type: none"> Development of lifecycle businesses leading to energy and resource conservation as well as product longevity 	<p>P.4 Medium-term Management Plan</p>
Land usage and development	<ul style="list-style-type: none"> Using the ESG Checklist to screen investment projects pertaining to land use and development 	—
Land management	<ul style="list-style-type: none"> Monitoring and the conservation of biodiversity of holdings and in surrounding areas 	<p>P.32 Conservation of the Global Environment (Pollution Prevention and Biodiversity Conservation)</p> <p>P.84 Corporate Citizenship</p>
Research & Development/Innovation	<ul style="list-style-type: none"> Shortening development periods by the introduction of model-based development Focusing on technological development in the clean energy field 	<p>P.116 Innovation Management</p>
Fundraising	<ul style="list-style-type: none"> Allocating funds raised through transitional bonds 	<p>web Sustainable Finance</p>

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Metrics and Targets

Compliance with Environmental Laws and Regulations

The IHI Group properly investigates any environmental accident that occurs on a Group site and evaluates the severity and underlying factors to reduce environmental accidents and legal violations as well as to prevent recurrence.

In fiscal 2023, the IHI Group had no major environmental accidents or legal violations affecting management.

Targets and Results of Major Laws/Regulations Violations and Environmental Accidents (IHI Group Environmental Action Plan 2023 [FY2023–2025])

(Unit: Incidents, Scope: IHI and consolidated subsidiaries)

Action Plan	Target	KPI	FY2023 Results
Conservation of the global environment	Zero environmental accidents and environmental law violations	Number of environmental accidents and environmental law violations	0

Number of Environmental Accidents and Violations of Law

(Unit: Incidents, Scope: IHI and consolidated subsidiaries)

Item	FY2020	FY2021	FY2022	FY2023
Significant environmental accidents	0	0	0	0
Major violation of environmental laws/regulations	0	0	0	0
Number of cases in which IHI paid fines, penalties, etc.	0	0	0	0

Ozone Depleting Substances Emissions

(Unit: t-CO₂e, Scope: IHI and affiliated companies in Japan)

Item	FY2020	FY2021	FY2022	FY2023
HFCs	—	—	469	281

Volatile Organic Compounds Emissions

(Unit: Tons, Scope: IHI and affiliated companies in Japan)

Item	FY2020	FY2021	FY2022	FY2023
Toluene	—	39	48	48
Xylene	—	29	59	50
Ethylbenzene	—	6	37	39
Methyl isobutyl ketone	—	0	0	4
Tetrachloroethylene	—	2	2	2

Ratio of Treated Toxic Waste (Waste Containing PCBs)

(Unit: %, Scope: IHI and affiliated companies in Japan)

Item	FY2020	FY2021	FY2022	FY2023
Electrical equipment containing high-concentration PCBs	99.7	99.9	100	100
Electrical equipment containing low-concentration PCBs	98.1	94.0	97.5	94.9
Fluorescent lamps	44.5	58.8	69.5	83.7

Chemical Substance Emissions/Substances Transferred

(Unit: Tons, Scope: IHI and affiliated companies in Japan)

Item	FY2020	FY2021	FY2022	FY2023
Emissions (atmosphere, public bodies of water, soil)	—	—	152	150
Transferred amount (sewage, waste)	—	—	85	93

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Initiatives

Biodiversity Conservation

Environmental Conservation of Agricultural Waterways in the Echi River Basin in Higashiomi City (IHI and IHI Construction Service)

IHI and IHI Construction Service (IHK) are involved in water management for agricultural waterways in the Echi River basin, which flows near the IHK Shiga Plant (Higashiomi City, Shiga Prefecture), and conduct environmental conservation activities in the surrounding river basin. Cleaning the agricultural waterways and improving the environment has also led to improved habitats for Biwa trout and sweetfish, species that are endemic to the Aichi River, where the water drains.

(GBF Target 1: Plan and Manage all Areas To Reduce Biodiversity Loss)

web Sustainability Activities

Cooperation with Tokyo Bay Eelgrass Field Restoration Activities (IHI Yokohama Office)

Since 2008, the IHI Yokohama Office has been participating in eelgrass field restoration activities sponsored by the Amamo Revival Collaboration in Kanazawa-Hakkei, Tokyo Bay Area together with neighboring companies. Eelgrass field restoration is a program that involves collecting eelgrass seeds, growing them, and then planting them in the sea to expand eelgrass fields. Eelgrass is referred to as the “cradle of the sea” and contributes to biodiversity by providing hiding places for small fish and fixing CO₂ through photosynthesis.

(GBF Target 8: Minimize the Impacts of Climate Change on Biodiversity and Build Resilience)

web Sustainability Activities

Conservation of the Sugita Plum, a Native Species (IHI Yokohama Office)

The IHI Yokohama Office conducts conservation activities to protect the Sugita plum tree, a species native to the Sugita district of Isogo Ward in Yokohama City, Kanagawa Prefecture, where the office is located. The office used a vacant area of about 3,000 square meters located on the premises to plant Sugita plum seedlings in January 2023, which have grown into about 30 young trees. In February 2024, some of these young trees already bloomed, just one year after being planted.

(GBF Target 4: Halt Species Extinction, Protect Genetic Diversity, and Manage Human-Wildlife Conflicts)

web Sustainability Activities

Biodiversity Habitat Disclosure (IHI Aioi Office)

The IHI Aioi Office is located in a rich natural environment surrounded by the Aioi Bay and mountain forests. Green spaces make up approximately 70% of the site's area, and the biodiversity potential of those areas was confirmed through surveys of the flora and fauna and green infrastructure development. The site has been certified as a wildlife coexistence business establishment by the Association for Business Innovation in Harmony with Nature and Community (ABINC) since fiscal 2018 (the sixth time).

(GBF Target 2: Restore 30% of all Degraded Ecosystems)