

IHI
Sustainability
Data Book
2023

IHI Sustainability Data Book 2023

Management Philosophy

Contribute to the development of society
through technology

Human resources are our single most valuable asset

Our Future Aspiration

Create a world where nature and technology work
in unity

CONTENTS

Editorial Policy	2
Basic Information	3
Sustainability	
IHI Group Material Issues	9
Sustainability Management.....	11
Corporate Management	
Corporate Governance	15
Compliance	27
Risk Management.....	35
Innovation Management	40
Information Security.....	45
Materialize an Affluent Society	
Human Rights	49
Labor Practice (Occupational Health and Safety)	55
Diversity, Equity, and Inclusion	62
Work-style and Operational Process Reforms	77
Customer Relationships	78
Supply Chain Management.....	80
Corporate Citizenship.....	82
Reduce Environmental Impact	
Environmental Management.....	87
Reduction of the Environmental Impact of Products and Services.....	91
Climate Change.....	92
Circular Economy	99
Conservation of the Global Environment	102
Performance Data	104

Editorial Policy

The IHI Sustainability Data Book 2023 is a comprehensive annual report to share information such as our sustainability policies, approaches, frameworks, and performance. The IHI Group's Sustainability website provides the most up to date information about our sustainability.

Scope of the IHI Sustainability Data Book

IHI Corporation and its consolidated subsidiaries
(Note: The report includes some non-consolidated information about IHI Corporation as well as details with a more specific scope.)

Reporting Period

FY2022*

(April 1, 2022 to March 31, 2023)

However, the report includes some information from fiscal 2021 and earlier in addition to forecasts of fiscal 2023 and later.

* Regarding this report, fiscal year (FY) refers to the period beginning April 1 until March 31 of the following year.

Publication Date

August 2023

(The previous Sustainability Data Book was published in September 2022. The upcoming Sustainability Data Book is tentatively set for release in August 2024.)

Reference Guidelines







- Global Reporting Initiative (GRI) Sustainability Reporting Standards
- Sustainability Accounting Standards Board (SASB)
- Environmental Reporting Guidelines 2018, Ministry of the Environment
- Task Force on Climate-related Financial Disclosures (TCFD)

Disclaimer

The IHI Sustainability Data Book 2023 not only contains facts about the past and present but also business plans and forecasts as well as management plans and policies in place at the time of publication. The projections are assumptions and decisions made based on information available at the time they were cited. These plans, forecasts, and policies are subject to change as the results of future business activities and circumstances fluctuate. The reader should consider the factors above when reviewing the information in this report.

● Structure of Information Disclosure Regarding Main Sustainability Topics

In order to respond to the various requests of stakeholders, the IHI Group discloses information through several mediums.

Main Items	Annual Report	Latest Information
Society and the Environment	 Sustainability Data Book	 Website Sustainability https://www.ihi.co.jp/en/sustainable/
Economy	 Integrated Report  • Annual Securities Report  • Corporate Governance Report	 Website Investor Relations (IR) https://www.ihi.co.jp/en/ir/

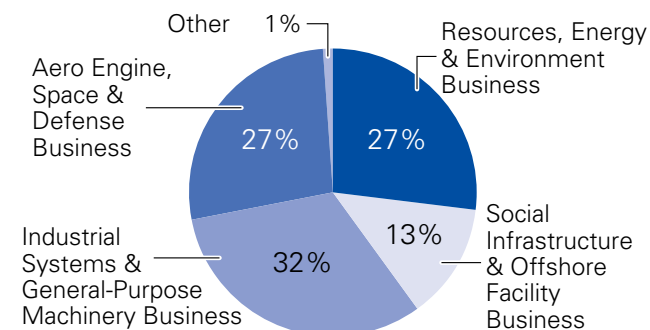
Basic Information

About IHI (as of March 31, 2023)

Company Name	IHI Corporation
Head Office	Toyosu IHI Building, 1-1, Toyosu 3-chome, Koto-ku, Tokyo 135-8710, Japan
President	Hiroshi Ide, President and Chief Executive Officer
Year of Establishment	December 5, 1853
Capital	107.1 billion JPY
Revenue (Consolidated)	1,352.9 billion JPY (Fiscal year 2022 ended March 31, 2023)
Number of Employees	7,768
Employees (Consolidated)	28,486
Works	7
Branches in Japan	8
Overseas Business Development Hubs	21 (as of April 1, 2023)
Group Companies	145 consolidated subsidiaries 61 affiliated companies in Japan (43 subsidiaries and 18 associated companies) 138 affiliated companies overseas (116 subsidiaries and 22 associated companies)

Overall Business Framework (Fiscal Year Ended March 31, 2023)

● Sales-profit Ratio



Main Businesses

Resources, Energy & Environment Business

Power systems (power system plants for land use and power systems for ships), Carbon solutions, and Nuclear energy (components for nuclear power plants)

Social Infrastructure & Offshore Facility Business

Bridges and water gates, transport systems, shield systems, concrete construction materials, and urban development (real estate sales and rental)

Industrial Systems & General-Purpose Machinery Business

Vehicular turbochargers, parking systems, heat treatment and surface engineering, transport machinery, rotating machines (compressors, separation systems, and turbochargers for ships), and logistics and industrial systems (logistics systems and industrial machines)

Aero Engine, Space & Defense Business

Aero engines, rocket systems and space utilization systems, and defense systems

[web](#) Products

[web](#) Offices

Basic Information

Medium-term Management Plan

The IHI Group launched Group Management Policies 2023 as a medium-term management policy to implement from fiscal 2023. The IHI Group launched Project Change in November 2020 and has pursued a return to growth trajectory and creation of new growth businesses. The groundwork for business transformation was laid in Project Change, while instability in societal conditions have become the norm, including heightened geopolitical risks.

Despite these conditions, the IHI Group established the Group Management Policies 2023 to 1) fully realize **sustained high growth through business transformation** and 2) accelerate **transformation to a corporate entity able to adapt to changes in the business environment**.

(1) Business transformation to realize sustained high growth

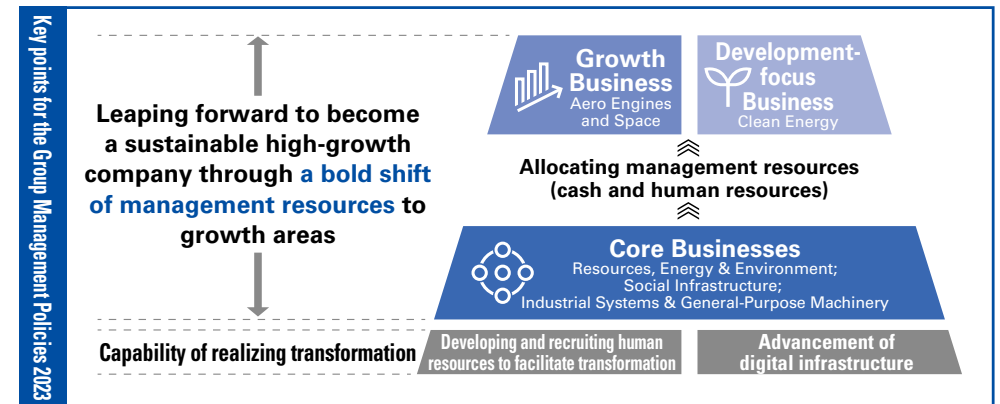
Providing value throughout the life cycle of customers' projects and increasing value by building out the value chain are essential to solving social challenges through business and achieving sustained high growth for both society and the IHI Group. The Group Management Policies 2023 categorizes the IHI Group's business into three areas to guide these efforts while focusing on the life cycle and value chain.

- Growth business: Aero Engines & Rockets field
- Development-focus Business: Clean Energy field
- Core Businesses: Resources, Energy & Environment, Social Infrastructure, Industrial Systems & General-Purpose Machinery fields

(2) Transformation to a corporate entity able to adapt to changes in the business environment

Recruiting and developing human resources able to achieve our corporate transformation is key to driving our business transformation. We will cultivate a corporate culture where employees are fully able to demonstrate their talents through reskilling, obtaining specializations and management capabilities at the global level, and increasing engagement and well-being. We will also continue to upgrade digital infrastructure required for business transformation.

Overview of Group Management Policies 2023



Resource Allocation



Management Targets (FY2025)

Operating Profit Margin	ROIC	CCC	(Reference) Revenue
7.5%	8% or higher	100 days	1.7 trillion JPY

* ROIC (after tax): (Operating profit + Interest and dividend income) after tax / (Equity attributable to owners of parent + Interest-bearing liabilities)

* Cash Conversion Cycle: Working capital / Revenue x 365days

Basic Information

Basic Code of Conduct for the IHI Group

The IHI Group knows that living up to the expectations of stakeholders and earning their trust is vital to drive the sustainable growth of both customers and society. The Basic Code of Conduct for the IHI Group defines the practices necessary to embody this belief.

Basic Code of Conduct for the IHI Group

[web](#) **Your Guide to IHI Group's "Basic Code of Conduct"**

We at the IHI Group are committed to implementing what is necessary to meet the expectations and gain the trust of not only our customers, business partners, shareholders and colleagues, but also the local and international communities, while maintaining an awareness of global issues. By doing so, we aim to enhance our existential value as we move forward into the future and realize our Group's management philosophies of "Contribute to the development of society through technology" and "Human resources are our single most valuable asset."

Fundamental and Universal Principles of the Entire IHI Group

Respect for the rule of law and ethical conduct

We strictly observe laws and ordinances based on a clear understanding of their meaning. We also act sincerely and fairly and in accordance with high ethical standards so that we do not violate social rules or international norms.

Respect for human rights

We fully recognize the importance of, and always strive to respect, human rights during our business activities.

Promotion of mutual understanding

In order to promote mutual understanding with those around us, we strive to disseminate information on our business activities, explain the effects of these activities on the surrounding environment, and engage in an exchange of opinions with our broader communities on a daily basis.

Responsibilities toward People, Society, and the Environment

Responsibilities toward people connected with the IHI Group via our products and services

- 1 We establish relationships of mutual trust with the people with whom we are involved in the course of our business, help solve social issues in a variety of fields by using our abilities to the utmost, and develop and provide products and services to assure more comfortable lives for people around the world.
- 2 We pay full attention to the safety of the products and services we develop and provide and constantly strive to raise the quality level of our products and services by confirming whether they satisfy customers and users.
- 3 We deal appropriately with other parties in our business transactions and seek profit fairly, while at the same time we strive to establish fair and mutually-productive relationships with our customers and business partners.

Responsibilities toward those with whom we work

We strive to respect mutually the character and individuality of all people with whom we work and maintain a safe, supportive, and comfortable environment in which we can work easily.

Responsibilities toward local and international communities

- 1 With an awareness that each one of us is a member of society, we actively take part in initiatives to solve the problems faced by society.
- 2 No matter the region of the world where we conduct our business, we understand the value of the culture unique to each region and strive to meet the expectations of people living there.
- 3 We take a resolute attitude against organizations and forces that threaten social order and safety.

Responsibilities toward the global environment

Based on our recognition that the global environment provides the foundation for the existence of all societies and cultures, we take care so as not harm that which also will be needed by future generations and strive to protect, and reduce the burdens on, the global environment, not only in the course of our provision of products and services but also in all other aspects of our business activities.

Roles and Responsibilities of Senior Management

Roles of Senior Management

- 1 Senior Management recognizes that their role is to ensure the realization of this Code of Conduct and takes the initiative to demonstrate leadership in order to put the purposes of this Code of Conduct into practice.
- 2 Senior Management ensures that this Code of Conduct is known to all people with whom they work and constantly strives to establish, maintain, and improve effective internal systems and to enhance our corporate value.

Responsibilities of Senior Management

If a violation of this Code of Conduct occurs, Senior Management will strive to take the initiative to solve the problem, discover its cause, and prevent the recurrence of similar violations. They also will promptly disclose accurate information to society, clarify the responsibilities and scope of the authority of the persons involved, and impartially take disciplinary action even upon themselves.

IHI Group Code of Action

In order to comply with this Code of Conduct, we establish IHI Group Code of Action as the code prescribing how directors, officers, and employees of the IHI Group should make decision and take action in their daily work.

Basic Information

Third-party Evaluation

S&P/JPX Carbon Efficient Index

The IHI Group has been selected as a constituent brand of the S&P/JPX Carbon Efficient Index.

The index selects brands satisfying environmental information disclosure and carbon efficiency (carbon emissions per unit of revenue) standards according to their constituent selection and weighting process.



FTSE Blossom Japan Sector Relative Index

IHI Corporation has been selected as a constituent brand of the FTSE Blossom Japan Sector Relative Index, a stock market index for ESG investment.

The index is designed by FTSE Russell, a global index provider, to measure the performance of Japanese companies that demonstrate strong Environmental, Social and Governance (ESG) practices. The index is constructed so that each sector weights align with the Japanese equity market.



EcoVadis Silver Medal

The IHI Group received a Silver Medal for sustainability in an assessment program by EcoVadis of France.

EcoVadis uses a cloud-based platform to provide assessment data on companies' sustainability efforts. The sustainability assessment is a comprehensive rating across the four areas of the environment, labor and human rights, ethics, and sustainable procurement. The Silver Medal means that the IHI Group is ranked in the top 25% of the companies assessed by EcoVadis.



CDP

The IHI Group responds to Disclosure Insight Action's (CDP) questionnaire related to climate change on an annual basis. In fiscal 2022, we were evaluated as Management Level score of B.

CDP is a non-profit charity established by responsible investors worldwide. The CDP sends an annual questionnaire to companies and local governments and releases the results in an effort to encourage more action on climate change.



Digital Transformation Stock Selection 2023

IHI Corporation has been selected in the Digital Transformation Stock (DX Stock) Selection 2023.

DX Stock is constructed by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange to select outstanding companies from among TSE-listed companies that have established internal systems for promoting digital transformation, which is an approach that contributes to improving corporate value, and that have achieved outstanding digital utilization.



Kurumin Certification

The Minister of Health, Labour and Welfare recognized IHI Corporation as a company that supports child-raising and granted us the Kurumin certification in 2007, 2011, 2015, and 2020. Kurumin certification is a program that certifies companies that formulate an action plan based on the Act on Advancement of Measures to Support Raising Next-Generation Children and achieves the set goals as well as set conditions.



Eruboshi Certification

The Minister of Health, Labour and Welfare certified IHI Corporation as an Eruboshi Company (2nd level) in 2017.

Eruboshi certification is a program that certifies companies that excel in promoting advancement of women and fulfill set standards based on the Act on Promotion of Women's Active Engagement in Professional Life.



Basic Information

Health & Productivity Companies 2023 (White 500)

Nineteen companies* of the IHI Group have been selected as Health & Productivity Companies 2023 (White 500).

The Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi (Japan Health Council) co-launched the White 500 program to recognize companies that consider employee health management from a corporate management standpoint and strategically implement activities to maintain and promote health.

* IHI Corporation, IHI Scube, IHI Plant Services Corporation, IHI Power Systems, Nico Precision, IHI Infrastructure Systems, IHI Aerospace, IHI Finance Support Corporation, Takashima Giken, Japan Marine United Corporation, IHI Castings, IHI Rotating Machinery Engineering, IHI Logistics & Machinery, IHI Turbo, IHI Construction Service, IHI Business Support Corporation, IHI Agri-Tech Corporation, Paul Wurth IHI, and Central Conveyor Company



PRIDE Index Gold Award 2022

IHI Corporation has been awarded the highest honor of the Gold Award in the PRIDE Index 2022, the fifth consecutive year it has received the honor. IHI Corporation's human resource policies for LGBTQ+, launch of a consultation desk, expansion of an ally program, and training to promote greater understanding about gender minorities were recognized and led to receiving the award.

The goal of the PRIDE Index is to help build working environments friendly to LGBTQ+ and other gender minorities. This index evaluates company initiatives via categories for the code of conduct, gender minority communities, enlightenment programs, personnel policies and programs, social contributions, and public relation practices.



Resilience Certification

The IHI Group renewed the Resilience Certification acquired in 2016 with the aim of improving its business continuity as a company that supports social infrastructure.

Resilience Certification is a certification system of the Association for Resilience Japan based on the guidelines for the certification of organizations contributing to national resilience. This certification certifies business operators that endorse the ideas of strengthening national resilience published by the Cabinet Secretariat's National Resilience Promotion Office and proactively work to ensure their business continuity.



Sustainability

IHI Group Material Issues	009
Sustainability Management	011

IHI Group Material Issues

Identifying Material Issues

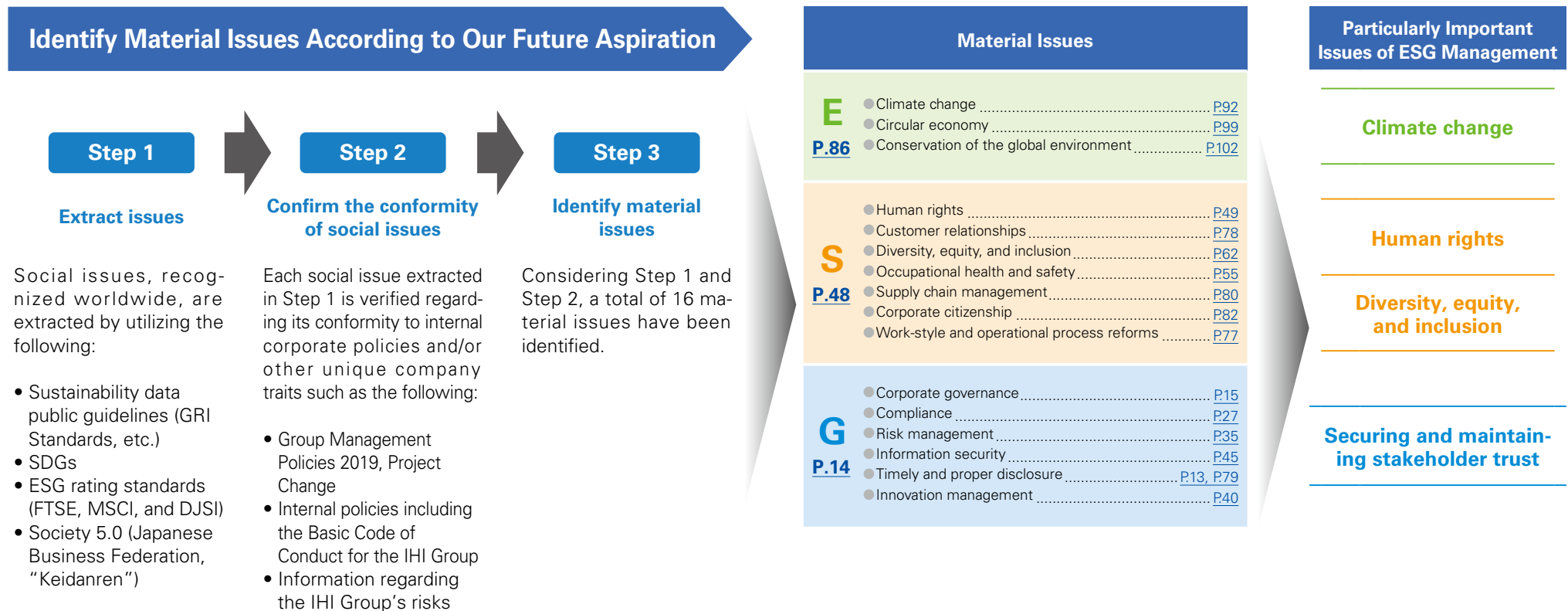
The IHI Group has identified material issues to be prioritized to achieve sustainable growth as a company and realize a sustainable society.

As part of Project Change, formulated in 2020, we are striving to create “a world where nature and technology work in unity” in the near future. By setting this goal, the social issues we need to address along with the values we aim to provide have been clarified. We re-identified and revised our material issues according to the significance of each of the social issues to address with the goals of becoming carbon-free, disaster prevention and mitigation, and materializing fulfilling lifestyles.

In ESG management, greater importance is placed on engaging in efforts to combat the global challenge of climate change, respecting the human rights of everyone involved in our businesses, empowering diverse human resources as the driving force of value creation, and earning trust from stakeholders through integrity management.

web **Medium-term Management Plan**

● Identification Process of Material Issues



IHI Group Material Issues

● Target Initiatives, Goals, and Vision for Material Issues

Material Issues	Approach/Policies	Target Initiatives	Goals and Vision
Environment	Countermeasures against climate change Climate change has a tremendous impact on society and economy, and a social issue that questions company sustainability. We believe the social issue of climate change is one that we should work to address through mitigation and adaptation.	Taking measures against climate change through products and services <ul style="list-style-type: none"> ● Development and social implementation of technologies to achieve carbon neutrality ● Helping provide economic infrastructure that is resistant to natural disasters Reducing GHG emissions <ul style="list-style-type: none"> ● Using energy efficiently ● Using less carbon energy 	Mitigation: <ul style="list-style-type: none"> ● FY2050: Achieving carbon neutrality throughout the value chain by FY2050 ● FY2030: Reduce GHG emissions in half compared to FY2019 (Scope 1, 2) ● FY2025: 6,000t-CO₂ reduction in GHG emissions (Scope 1, 2) ● FY2025: Reduce energy consumption intensity by 3% compared to FY2022 Adaptation: Achieving community infrastructure that can dually be utilized in times of peace, but is strong during emergencies
	Establishing a circular economy We appropriately manage waste and water resources to improve resource efficiency and reduce environmental impact in order to realize a sustainable society.	<ul style="list-style-type: none"> ● Reduce waste emissions ● Appropriate management of water resources (investigating water risks and reducing water withdrawal) 	<ul style="list-style-type: none"> ● FY2025: Reduce waste emissions by 3% or more compared to FY2022 ● FY2025: Reduce water withdrawal volume by 3% or more compared to FY2022 ● FY2025: Revise the definition of recycling rate, determine final disposal amount (more than 90wt% of all waste)
	Conservation of the global environment We position environmental law compliance and environmental accident prevention as top priority issues.	<ul style="list-style-type: none"> ● Take measures to prevent water pollution (monitoring wastewater quality, wastewater facility maintenance) ● Prevent soil contamination (identify areas where hazardous substances are used) ● Biodiversity conservation 	Zero environmental accidents or environmental law violations
Society	Respecting human rights Through fostering a corporate culture that respects human rights and human rights initiatives throughout all of our business activities, we fulfill our responsibility toward respecting human rights for all people.	Promoting human rights due diligence <ul style="list-style-type: none"> ● Human rights risk assessment, countermeasures, and monitoring (target: IHI Group sites within Japan and abroad) ● CSR procurement monitoring for business partners 	
	Improving occupational health and safety standards We believe ensuring safety and health to be at the foundation of our business activities and one of our most important management concerns.	<ul style="list-style-type: none"> ● Safety and health management: Eliminating work-related accidents based on the Five Safety Principles ● Health management: Mental and physical health management 	Based on our belief that all disasters are preventable, working to achieve zero disasters through total participation from all of our employees
	Active participation from diverse human resources In order to solve increasingly complex social issues, it is essential that we collaborate and cooperate with various stakeholders, which serves as the foundation for promoting diversity, equity, and inclusion.	Human resource management and development <ul style="list-style-type: none"> ● Promoting institutional reform and fostering a corporate culture that evaluates the reform challenges ● Conducting employee awareness surveys to increase engagement ● Developing educational programs that enable diverse human resources to grow and play active roles Diversity, equity, and inclusion <ul style="list-style-type: none"> ● Active participation by diverse human resources (women, employees with disabilities, etc.) ● Secondary jobs outside of the Company, or additional jobs within it 	Active participation from a diverse group of human resources: <ul style="list-style-type: none"> ● FY2030: Increase the ratio of female Officers to 30% or higher ● FY2026: Increase the ratio of female Managers to 7% ● FY2026: Increase the ratio of female hires to approximately 20% among university graduates ● FY2023: Increase the employment rate of people with disabilities to 2.6%
	Working style and business process reform In the current world, where work values are becoming more diversified, we believe it is important for companies to provide workplaces attractive to workers that respond to a variety of values.	<ul style="list-style-type: none"> ● Improve promotion systems for work-style reform and business process improvements ● Introduce methods and systems that create a comfortable workplace ● Establishing a community that creates new value and innovation 	
	Improving consumer relations While giving due consideration to safety, it is our basic policy to provide socially useful products and services that customers can trust and feel satisfied using, and that contribute to the overall development of society.	<ul style="list-style-type: none"> ● Promote understanding and implementation of the IHI Group Quality Declaration among employees ● Ensure product safety through risk assessment during product development ● Implement customer satisfaction surveys, analysis, and improvement activities 	
	Improving supply chain management We conduct purchasing activities based on the three pillars of the IHI Group Procurement Policy: fair and equitable trade, mutual prosperity with business partners, and approach to compliance and social responsibility.	<ul style="list-style-type: none"> ● Steady supply chains ● Formulating the IHI Group Code of Conduct for Business Partners and monitoring CSR procurement 	Preventing business activity stagnation due to natural disasters, infectious disease, conflicts, and so on in order to build a sustainable supply chain.
	Coexistence and mutual prosperity with local communities We believe it is our corporate responsibility to meet social expectations and are making efforts toward social contribution activities.	<ul style="list-style-type: none"> ● Participation in traditional local community events ● Visiting lectures and SDGs education in order to nurture the next generation of human resources ● Environmental conservation in areas bordering business sites 	Putting 1% of net income toward social contribution activities
Governance	Improving corporate governance We are improving management efficiency to better capitalize on our inherent strengths through corporate governance, defined as a system that ensures sustainable growth and maximizes corporate value, ensuring appropriate operation.	<ul style="list-style-type: none"> ● Evaluate Board of Directors' effectiveness with displayed results ● Backup for improving outside director and auditor effectiveness 	
	Thorough compliance Compliance is the foundation for social business activities, and as such we must comply with laws and corporate regulations, acting in a fair and responsible manner as a business entity.	<ul style="list-style-type: none"> ● Compliance Hotline operation ● Tax compliance: Appropriate management of tax costs and tax risks ● Competition and anti-bribery laws: Developing rules for compliance ● Security trade control: Regulation establishment and operation 	
	Thorough risk management Considering risk management to be a material management issue, we conduct risk management based on the Basic Code of Conduct for the IHI Group.	<ul style="list-style-type: none"> ● Review of risk management activity by the Board of Directors ● Project risk management: Setting up advance screening processes and system for orders and investments ● Crisis management: Formulating a business continuity plan (BCP) with continuous review 	Earning stakeholder trust
	Innovative management Aiming to create a society where nature and technology work in unity, we are undertaking the challenge of developing technology that continuously provides new value.	<ul style="list-style-type: none"> ● Concentrating research funds and human resources toward focus areas ● Promoting public-private partnerships and industry-academia partnerships ● Usage and protection of intellectual property in business activity 	
	Improving information security In order to ensure the confidentiality of customer and business partner information, along with company management and technical information, we strive for proper information management and to maintain and improve information security.	<ul style="list-style-type: none"> ● Taking measures to prevent security risks from three angles: rules, tools, and training ● Quantitative evaluations on information security measure levels 	
	Providing timely and appropriate information On top of corporate disclosure activities, we take into consideration the large impact of customers, business partners, shareholders/investors, governments, local communities, employees, and NPOs/NGOs as key stakeholders, and work to maintain positive dialogue.	<ul style="list-style-type: none"> ● Dialogue with stakeholders through financial result briefings, individual meetings, etc. ● Information disclosure through report integration and utilization as a tool for dialogue exchange 	

Sustainability Management

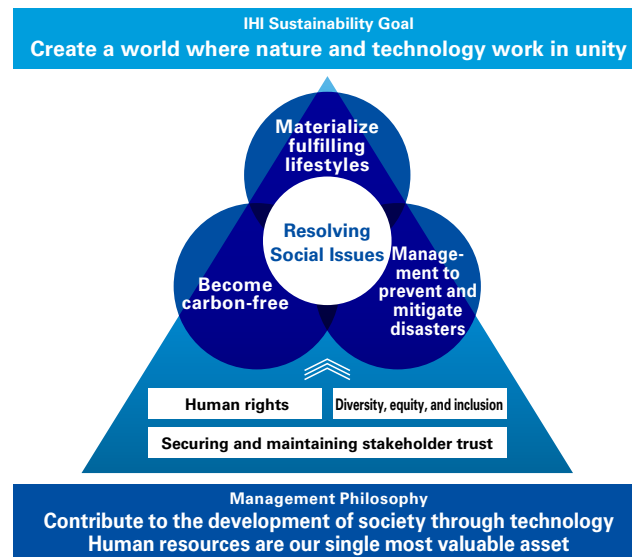
Approach/Policies

The IHI Group implements ESG management based on integrity and considerations for society and the environment, placing ESGs at the core of its values in order to achieve sustainable growth as a company and realize a sustainable society.

IHI Group ESG Management

The IHI Group aims to create a world where nature and technology work in unity. This means protecting people from the threats of nature in a society offering safety, security, and prosperity to realize sustainability in both the global environment and people’s lifestyles. Our businesses will take on various social challenges to create social value as well as enhance corporate value.

IHI Group ESG Management

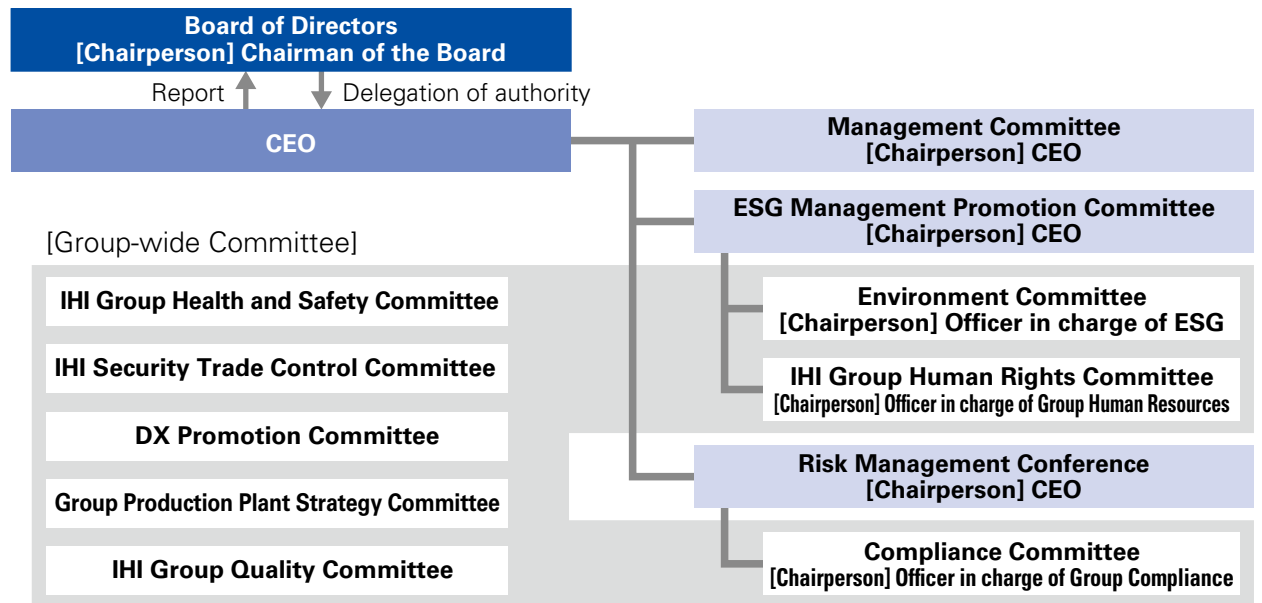


Structure

Sustainability Promotion System

The IHI Group has a duty to contribute to society and the environment in a way that will realize a sustainable society. We know management with clearly defined values is essential to governance making these contributions possible. We have established the ESG Management Promotion

Sustainability Promotion System



Committee, with the Chief Executive Officer (CEO) as its chairperson, for the purposes of examining basic policies and specific activities for ESG management as well as evaluating their progress and making improvements. Matters related to ESG management are reported to the Board of Directors as appropriate, and ESG management is implemented Group-wide.

ESG Management Promotion Committee

Chairperson	CEO
Secretariat	Corporate Planning Division
Members	Directors, Executive Officers, and General Managers
Number of meetings convened in FY2022	2

Sustainability Management

Initiatives

Dialogue with Stakeholders

We view our primary stakeholders with a significant influence over ongoing corporate activities as our customers, business partners, shareholders, investors, government agencies, local communities, employees, and NPOs/NGOs.

As such, we value and engage in broad dialogue with these stakeholders. The Integrated Report and Sustainability Data Book are published as tools for this dialogue. We also released the IHI ESG STORYBOOK in fiscal 2021 to provide details about the IHI Group's ESG management philosophy.

Topics with stakeholders that are considered particularly vital are reported to the Management Committee and Board of Directors, and are thus reflected in our corporate strategy.

● Dialogue Results with UN Agencies and NPOs (FY2022)

United Nations Agencies (February 2023, conducted remotely)	
Dialogue Topics	Adapting to climate change and ensuring a fair transition
Dialogue Partners	Mr. Yusuke Taishi, United Nations Development Programme
IHI Participants	Officer in charge of ESG, General Manager of Social Infrastructure & Offshore Facilities Business Areas
Overview	How to aid disaster prevention and reduce danger through business in countries susceptible to natural disasters
NPOs (February 2023, conducted remotely)	
Dialogue Topics	Mineral supply chains and ensuring a fair transition
Dialogue Partners	Mr. Shigeru Tanaka, Pacific Asia Resource Center, NPO
IHI Participants	Officer in charge of ESG, Procurement Strategy Planning General Manager
Overview	Human rights issues at nickel mining sites in light of future increasing demand

● Main Results of Dialogue with Stakeholders

Stakeholders	Main Purpose of Dialogue	Example of Dialogues from FY2022	Frequency	References
Customers	<ul style="list-style-type: none"> Contributing to solving social issues and customer challenges Ensuring product safety 	• Daily sales activity	Timely	P.78 Customer Relationships
		• Conducting customer satisfaction surveys	Timely	
		• Providing product safety information	As needed	
Business partners	<ul style="list-style-type: none"> Fair and equitable trade Cultivating mutually beneficial partnerships with business partners 	• Disseminating the IHI Group Supplier Code of Conduct	Timely	P.80 Supply Chain Management
		• CSR procurement monitoring	Timely	
Shareholders & investors	<ul style="list-style-type: none"> Appropriate information disclosure in a timely manner Strengthening mutual trust Enhancing corporate value 	• Conducting the General Meeting of Shareholders	Annually	web IR
		• Holding financial result briefings and telephone conferences	Quarterly	
		• Conducting individual meetings	As needed	
		• Information services	As needed	
Government organizations	<ul style="list-style-type: none"> Forming partnerships with government organizations 	• Participating in policy boards	Timely	P.40 Innovation Management
		• Participating in joint developments and projects with government organizations	Timely	
Local communities	<ul style="list-style-type: none"> Recognizing ourselves as a member of society Contributing to solving social issues 	<ul style="list-style-type: none"> Hosting events for local communities Holding school visits 	Timely	P.82 Corporate Citizenship
Employees	<ul style="list-style-type: none"> Developing and securing human resources, our most important management resource 	• Conducting employee-awareness surveys	Annually	P.62 Diversity, Equity, and Inclusion P.27 Compliance
		• Operating a compliance hotline	Regularly	
NPOs & NGOs	<ul style="list-style-type: none"> Examining social issues that could lead to business opportunities 	• Dialogues with senior management	Timely	—

Sustainability Management

Approach to Communications with Shareholders and Investors

The IHI Group builds stronger relationships based on trust with all shareholders and other investors by recognizing accurate, timely disclosure of corporate information as a core principle of a sound financial instruments market, which is why we actively engage in communication efforts.

Our basic policy is to promote highly transparent management throughout the entire Group. We always disclose accurate and fair information on important management and business matters in a timely manner from the perspective of investors in capital markets. The IHI Group also sees honest Group accountability as a basic policy to define its management direction and main businesses.

Timely and Proper Disclosure

The IHI Group enhances the scope of various materials disclosed both online and offline for active and fair informational disclosure.

We are deeply involved in active communication efforts with our domestic and overseas investors to gain greater understanding about IHI Group business activities.

While we continued to be impacted by the COVID-19 pandemic in fiscal 2022, we resumed holding in-person meetings at various locations worldwide that we had previously held as well as held phone- and video-based conferences with our management team and investors in North America, Europe, and Asia.

Support of International Initiatives

Task Force on Climate-related Financial Disclosures (TCFD)

P.92 **Climate Change**

United Nations Global Compact

The IHI Group signed on to the United Nations Global Compact initiative to build a sound global society as a registered participating company in February 6, 2022.

The IHI Group management philosophy and ESG management resonates with all ten principles of the United Nations Global Compact on human rights, labor, the environment, and anti-corruption. The Group supports these ten principles and works to realize a society of integrity based on them.

Current Status of Main Dialogue Topics with Shareholders & Investors (FY2022)

Classification	Main Dialogue Topics	References
General	<ul style="list-style-type: none"> Future business portfolio Business areas that contribute to a medium- to long-term increase in corporate value 	P.4 Medium-term Management Plan
E	<ul style="list-style-type: none"> Initiatives to achieve IHI Carbon Neutrality by 2050 Interim targets for GHG emission reduction Strengths and the uniqueness of the IHI Group in addressing climate change 	P.92 Climate Change
S	<ul style="list-style-type: none"> Issues related to human resource development and career design 	P.62 Diversity, Equity, and Inclusion
	<ul style="list-style-type: none"> Predicting human rights risks in the supply chain 	P.49 Human Rights P.80 Supply Chain Management
G	<ul style="list-style-type: none"> Main issues and countermeasures raised during effectiveness evaluation concerning the Board of Directors Board diversity 	P.15 Corporate Governance



Corporate Management

Corporate Governance	015
Compliance	027
Risk Management	035
Innovation Management	040
Information Security	045

Corporate Governance

Corporate Governance

Approach/Policies

IHI defines corporate governance as a system that assures sustainable growth and maximization of corporate value by enhancing management efficiency so that IHI can leverage its innate capabilities to the fullest extent possible. To achieve this, IHI targets efficient and appropriate internal decision-making by clearly separating management oversight and monitoring functions from the business execution function. Furthermore, by establishing the relevant internal rules and building a system to administer them, IHI ensures appropriate operations across the entire Group.

IHI promotes constant improvement of its corporate governance, aiming to earn the trust and support of its shareholders and other stakeholders over the long term.

IHI will work to enhance its corporate governance in line with the following basic policies.

● Basic Policy on Corporate Governance

- (1) Respect shareholders' rights and ensure equal treatment
- (2) Strive to cooperate appropriately with shareholders and other stakeholders
- (3) Fulfill our responsibility to be accountable to stakeholders and ensure transparency by appropriately and proactively disclosing information relating to the Company
- (4) Clarify the roles and responsibilities of the Board of Directors, the Audit & Supervisory Board Members and the Audit & Supervisory Board to enable them to adequately fulfill their management oversight and monitoring functions
- (5) Conduct constructive dialogue with shareholders who have investment policies according with the medium- to long-term interests of shareholders

Corporate Governance

Structure

IHI's Board of Directors makes decisions related to all important matters concerning the management of IHI and the Group, in addition to supervising Directors in their business execution. The Board of Directors, which consists of 12 Directors (four of whom are Outside Directors), is led by the Chairman of the Board. The Outside Directors, who are elected from among individuals with extensive experience and broad insight gained at the helms of management, or with a high degree of specialist knowledge and diverse experience, participate in the Board of Directors' decision-making process, offer advice, and make recommendations independently of management executives responsible for business execution.

IHI has an Audit & Supervisory Board, which comprises five Audit & Supervisory Board Members (three from outside) who audit the duties executed by Directors.

Remuneration Advisory Committee

IHI set up the Remuneration Advisory Committee as an advisory body to the Board of Directors.

The Remuneration Advisory Committee ensures the suitability and objectivity of officer remuneration. This six-person committee is made up of three Outside Directors, one Outside Audit & Supervisory Board Member, the Director in charge of Human Resources, and the Director in charge of Finance & Accounting, with an Outside Director acting as Chairperson.

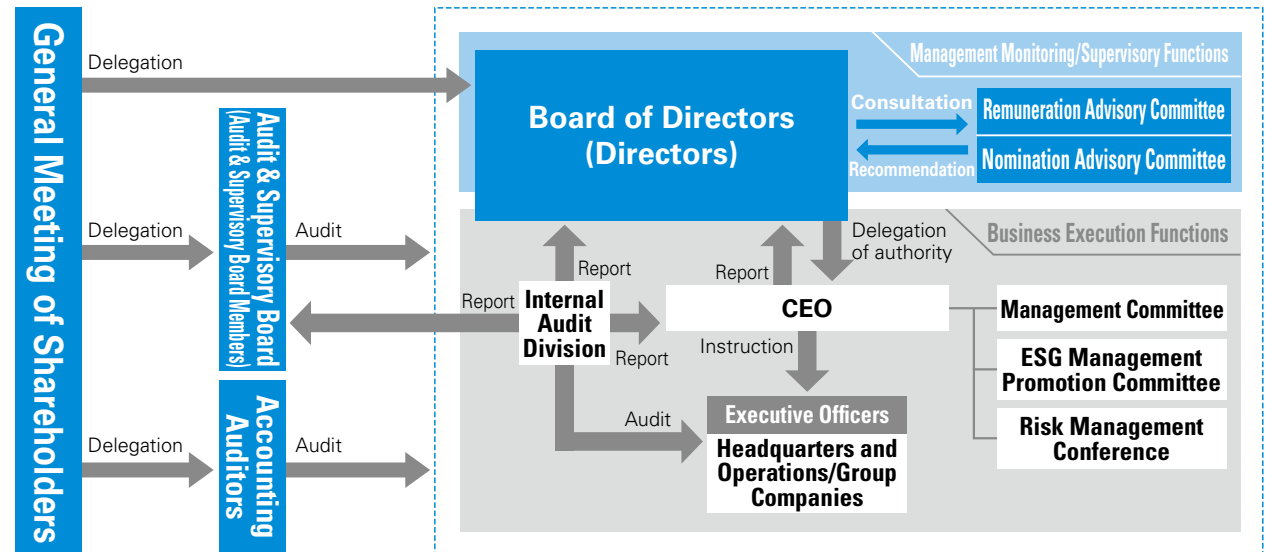
The Committee convened four times with no absentees in fiscal 2022.

Nomination Advisory Committee

IHI set up the Nomination Advisory Committee as an advisory body to the Board of Directors.

This five-person committee is made up of the President and four Outside Directors with the President acting as

Corporate Governance Management Structure



Chairperson for the purpose of ensuring proper implementation of officer appointments. The Committee convened five times with no absentees in fiscal 2022.

Business Execution Structure

IHI has an executive officer system to strengthen the decision-making and supervisory functions of the Board of Directors, as well as to improve the efficiency of business execution. Executive Officers are appointed by a resolution of the Board of Directors (seven of 24 Executive Officers serve concurrently as Directors). The Chief Executive Officer (CEO) manages the duties of the Executive Officers, giving directions and supervision. The Executive Officers follow the CEO's directions to execute their assigned duties. The CEO also appoints members to the Management Committee to assist in decision-making

and business execution.

The Management Committee convened 37 times in fiscal 2022.

IHI has also set up the ESG Management Promotion Committee and the Risk Management Conference, both of which are chaired by the CEO himself. The ESG Management Promotion Committee, which convenes at least twice a year, is an organization whose purpose is to consider basic policy and specific measures for ESG management, as well as to evaluate and improve the implementation status. The Risk Management Conference (convenes four times per year) oversees the IHI Group's risk management and discusses and approves important matters related to overall risk management.

P.11 ESG Management Promotion Committee

P.35 Risk Management Conference

Corporate Governance

Appointment of Officers

Policies and Procedures

The Board of Directors has defined ideal officer attributes for the Board of Directors. We have also drafted Independence Standards for Outside Officers in accordance with the Tokyo Stock Exchange independent officer requirements to ensure the independence of Outside Directors and Auditors.

IHI's Board of Directors sets the basic policy of appointing the most appropriate Officers according to the ideal attributes for Officers and the Independence Standards for Outside Officers, with the aim of ensuring sustainable growth and increased corporate value for the IHI Group over the medium- to long-term.

IHI strengthens the independence, objectivity, and accountability of the Board of Directors through a process that goes beyond the legal requirements for corporate Officer appointments and has established a Nomination Advisory Committee as a voluntary advisory body to the Board of Directors to actively obtain the involvement, advice, and supervision of Outside Directors. The Committee consists of all independent Outside Directors and the President, and supervises and advises on the appropriate execution of appointment procedures.

Should members of senior management (Chief Executive Officer, Representative Director) or Executive Officers meet the dismissal criteria for Officers, a determination of such dismissal shall be resolved promptly by the Board of Directors.

Ideal Officer Attributes

IHI appoints Officers who are healthy in mind and body and have all the following attributes:

- Deep understanding of, and empathy with, the IHI Group's management philosophy and vision
- The ability to contribute to sustainable growth and medium- to long-term increase in corporate value at the IHI Group by addressing societal issues in accordance with the IHI Group's vision
- Outstanding foresight, penetrating discernment, and ability to make appropriate decisions with regard to the management of the IHI Group
- Good character with a strong sense of ethics
- Ample experience as a corporate manager, or a high degree of specialist knowledge, combined with a broad, global perspective and insight

Independence Standards for Outside Officers

In addition to the requirements for independent Directors/Audit & Supervisory Board Members stipulated by the Tokyo Stock Exchange, IHI uses the standard below to determine independence of Outside Officers.

1. Major shareholders

The Director should not be a major shareholder with 10% or more of the voting rights in the Company or serve as a Director, Audit & Supervisory Board Member, Executive Officer at a Company with committees, Executive Officer or employee, of a corporation that is a major shareholder.

2. Major clients, suppliers, etc.

The Director should not currently serve as a Director, Audit & Supervisory Board Member, Executive Officer at a Company with committees, Executive Officer or employee, of any of the Company's major clients, suppliers, etc. detailed below, nor should he/she have served as an Executive Director, Executive Officer at a Company with committees, or Executive Officer, of

such major clients, suppliers, etc. in the past.

- Major clients of the Group (with transactions valued at 2% or more of IHI's consolidated revenue in the most recent fiscal year)
 - Major suppliers to the Group (with transactions valued at 2% or more of the supplier's consolidated revenue in the most recent fiscal year)
 - A lender to the Company listed as a major lender in the business report for the most recent fiscal year.
3. Providers of specialist services (attorneys at law, certified public accountants, or consultants, etc.)
The Director should not be an attorney at law, certified public accountant, or consultant, etc. who receives ¥10 million or more of monetary consideration or other property from the Company annually besides compensation as an Officer.
 4. Accounting auditor
The Director should not be a representative partner or partner of the Company's accounting auditor.
 5. Mutual exchange of Officers, etc. with IHI
The Director should not be assigned to a corporation with which the Company has a relationship of mutually exchanging Directors or Audit & Supervisory Board Members.
 6. Close relatives
The Director should not be the spouse or first- to second-degree relative of a Director, Audit & Supervisory Board Member, Executive Officer or equivalent executive-level employee of the Group. In addition, the Director should not be the spouse or first- to second-degree relative of any person* referred to in 1 through 4 above.
- * If a major shareholder or a major client, supplier, etc. is a corporation, this applies only to Directors, Audit & Supervisory Board Members, Executive Officers at Companies with committees, Executive Officers, or equivalent executive-level employees of the corporation in question.

Corporate Governance

Dismissal Criteria for Officers

IHI judges dismissal of Officers based on the following criteria.

- The case of circumstances meeting the grounds for disqualification as a Director set forth in laws and regulations
- The case of illegal or improper conduct or conduct constituting a breach of trust, or when there are reasons such as incompetence
- The case of remarkable loss of corporate value caused by negligence of duties
- The case when an individual lacks a prerequisite listed in the ideal attributes for Officers

Approach to Outside Officer Nominations

IHI also considers age, concurrent positions, period in office, and related matters when nominating candidates as Outside Directors.

Approach to Ensuring Diversity in Key Human Resource Roles

The IHI Group designates and actively promotes diversity, equity, and inclusion (DE&I) as one important human resource strategy. The promotion of DE&I is all about employing people who have diverse backgrounds, experiences, and views. These efforts create new value and incite innovation. IHI actively recruits, develops, and promotes diverse human resources, especially women, to key human resource roles.

Corporate Governance

● Members of the Board of Directors (as of July 1, 2023)

Name Position at the Company	Reasons for Appointment	Attendance at Board of Directors Meetings in FY2022	Term of Office as Director	Company Shareholding	Appointments to Advisory Committees	
					Remuneration Advisory Committee	Nomination Advisory Committee
Tsugio Mitsuoka Representative Director, Chairman of the Board	Tsugio Mitsuoka has led the IHI Group's management as the President of the Company since April 2016, by actively carrying out the selection and concentration of business operations and the transformation of business model in response to the changing business environment, as well as bolstering risk management and ensuring compliance. Since April 2020, he has been working to strengthen corporate governance as Chairman of the Board of the Company. He was appointed as a Director based on his abundant experience, accomplishments, and insight as a corporate manager.	18 of 18 (100%)	9 years	17,100 shares	—	—
Hiroshi Ide Representative Director, President	Hiroshi Ide has a great deal of experience in overseas sales of the energy and plant businesses as well as managing an overseas representative office as General Manager. Following that, he was in charge of management as the Managing Director of a subsidiary company overseas undertaking EPC works. Since April 2019, he has been in charge as the President of Resources, Energy & Environment Business Area, and since June 2020, as President. He has been in charge of the management of the Group, including efforts to return to a growth trajectory and create growth businesses. He was appointed as a Director based on his abundant experience, accomplishments, and insight as a corporate manager.	18 of 18 (100%)	3 years	3,700 shares	—	Chairperson
Masataka Ikeyama Representative Director	Masataka Ikeyama has accumulated a great deal of experience in the aero-engine technology development field. He led the defense systems business then became Vice President of the Aero Engine, Space & Defense Business Area before was appointed as President of Meisei Electric Co., Ltd., a listed subsidiary, where he worked on management reforms of the said company. From April 2022, as Vice President of the Company, he has been working on managing risks such as Group economic security and quality assurance. He was appointed as a Director based on his abundant experience, accomplishments, and insight.	14 of 14 (100%)	1 year	4,800 shares	—	—
Tsuyoshi Tsuchida Representative Director	Tsuyoshi Tsuchida worked extensively, mainly in the procurement division, and was in charge of management as President of a subsidiary company in Japan that was in charge of manufacturing and selling logistics and industrial plant equipment. He then employed ICT and DX to promote the expansion of life cycle businesses as Vice President of the Industrial Systems & General-Purpose Machinery Business Area. Later, as General Manager of the Corporate Planning Division, he was involved in overall business management of the Group, such as risk management. He was appointed as a Director based on his abundant experience, accomplishments, and insight.	—	(New)	2,700 shares	—	—
Hideo Morita Director	Hideo Morita has accumulated a great deal of experience in the development of space equipment, production, design, and engineering departments of Aero-Engine & Space Operations. Since April 2018, he had led the Civil Aero-Engine Division. Subsequently, as the President of the Aero-Engine, Space & Defense Business Area since April 2021, he has been responsible for the management of this business area in the midst of a rapidly changing environment. He was appointed as a Director based on his abundant experience, accomplishments, and insight.	18 of 18 (100%)	2 years	3,200 shares	—	—
Akihiro Seo Director	Akihiro Seo worked in a variety of businesses primarily in corporate divisions such as human resources and labor relations, corporate planning, and corporate business development. He also established a new company for new business in Europe and took charge of its management as President. After planning and managing global marketing, he was appointed as General Manager of Corporate Business Development Division, General Manager of Corporate Planning Division and since April 2022, he has been working to promote human resource strategies as General Manager of Human Resources Division. He was appointed as a Director based on his abundant experience, accomplishments, and insight.	14 of 14 (100%)	1 year	800 shares	Member	—

Name Position at the Company	Reasons for Appointment	Attendance at Board of Directors Meetings in FY2022	Term of Office as Director	Company Shareholding	Appointments to Advisory Committees	
					Remuneration Advisory Committee	Nomination Advisory Committee
Jun Kobayashi Director	Jun Kobayashi had a lot of expertise with domestic and overseas sales of industrial machines and bridge industries. Particularly with overseas sales, he focused on local business expansion as a Manager of an overseas representative office. After that, he worked as a Sales Manager at a subsidiary company in Japan that was in charge of manufacturing and selling bridges and water gates. Since April 2013 he has been working on the development of new business models at the Solution & Engineering Headquarters, and has been responsible for many overseas projects. He was appointed as a Director based on his abundant experience, accomplishments, and insight.	—	(New)	600 shares	—	—
Yasuaki Fukumoto Director	Since joining the Company, Yasuaki Fukumoto has accumulated a high level of expertise related to finance, engaging in operations such as accounting, performance management, fundraising, and cost management in the Finance & Accounting Division and in subsidiary companies in Japan. After coordinating the Group's consolidated financial results and participating in the formulation of the medium-term management plan in the Corporate Planning Division, he has been engaged in the execution of the Group's financial strategy and business management as General Manager of Finance & Accounting Division since April 2021. He was appointed as a Director based on his abundant experience, accomplishments, and insight.	—	(New)	600 shares	Member	—
Yoshiyuki Nakanishi Outside Director	Yoshiyuki Nakanishi following experiences in sales of products and services of a global chemical manufacturer and involvement in operations of its key business, has gained abundant experience, accomplishments, and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to reflect these qualities in the management of IHI and with the expectation of carrying out management oversight and monitoring functions from an independent perspective, he was appointed as an Outside Director.	18 of 18 (100%)	3 years	600 shares	Chairperson	Member
Chieko Matsuda Outside Director	Chieko Matsuda has abundant experience and insight gained through financial and capital market operations and management consulting operations and an extremely high level of expertise in corporate and finance strategy as a researcher, as well as broad insight as an Outside Director of several companies. Aiming to reflect these qualities in the management of IHI and with the expectation of carrying out management oversight and monitoring functions from an independent perspective, she was appointed as an Outside Director.	17 of 18 (94%)	3 years	1,500 shares	—	Member
Minoru Usui Outside Director	Minoru Usui, after being in charge of technology development in an electronic equipment manufacturer that operates business globally, has gained abundant experience, accomplishments, and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to reflect these qualities in the management of IHI and with the expectation of carrying out management oversight and monitoring functions from an independent perspective, he was appointed as an Outside Director.	18 of 18 (100%)	2 years	2,100 shares	Member	Member
Toshihiro Uchiyama Outside Director	Toshihiro Uchiyama, after working on sales of products and services, production reforms in its overseas affiliated company, and other initiatives in an electronic equipment manufacturer that operates business globally, has gained abundant experience and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to reflect these qualities in the management of IHI and with the expectation of carrying out management oversight and monitoring functions from an independent perspective, he was appointed as an Outside Director.	14 of 14 (100%)	1 year	300 shares	Member	Member

Corporate Governance

● Ratio of Outside Directors

(Unit: %)

Category	FY2019	FY2020	FY2021	FY2022	FY2023
Ratio of Outside Directors	27	33	33	33	33

● Members of the Audit & Supervisory Board (as of July 1, 2023)

Name Position at the Company	Reasons for Appointment	Attendance at Board of Directors Meetings in FY2022	Attendance at Audit & Supervisory Board Meetings in FY2022	Term of Office as Audit & Supervisory Board Members	Company Shareholding	Appointments to Advisory Committees	
						Remuneration Advisory Committee	Nomination Advisory Committee
Takashi Niimura Standing Audit & Supervisory Board Member	Takashi Niimura has accumulated a great deal of knowledge in the sales and marketing field since joining IHI. As the Manager responsible for supervising domestic and overseas branches and affiliated companies, he has carried out sales strategies from a Company-wide perspective, while globally expanding operations and managing risks according to the situation in each country. In the belief that his abundant experience, accomplishments, and insight will be effectively utilized in the auditing of the IHI Group, the Company has appointed him as an Audit & Supervisory Board Member.	18 of 18 (100%)	13 of 13 (100%)	3 years	3,200 shares	—	—
Seiji Maruyama Standing Audit & Supervisory Board Member	Seiji Maruyama accumulated a great deal of knowledge, mainly in the fields of finance & accounting, internal control, internal audit, and business management, and since April 2019 has worked on issues such as the Group's financial strategies, and improving the Group's financial position as General Manager of the Finance & Accounting Division. In the belief that his abundant experience, accomplishments, and insight will be utilized in the auditing of the IHI Group, the Company has appointed him as an Audit & Supervisory Board Member.	18 of 18 (100%)	13 of 13 (100%)	2 years	2,200 shares	—	—
Aiko Sekine Outside Audit & Supervisory Board Member	Aiko Sekine has abundant experience and insight as Partner of PricewaterhouseCoopers Aarata, Japan, and Chairman and President of the Japanese Institute of Certified Public Accountants (JICPA). Expecting these qualities and her independent perspective to be reflected in the management auditing operations of IHI, the Company has elected her as an Outside Audit & Supervisory Board Member.	18 of 18 (100%)	13 of 13 (100%)	3 years	0 shares	—	—
Yumiko Waseda Outside Audit & Supervisory Board Member	Yumiko Waseda has abundant experience and insight as an attorney at law, with an extremely high level of expertise in intellectual property law, as well as extensive experience as an Outside Audit & Supervisory Board Member. Expecting these qualities and her independent perspective to be reflected in the management auditing operations of IHI, the Company has elected her as an Outside Audit & Supervisory Board Member.	17 of 18 (94%)	13 of 13 (100%)	2 years	0 shares	—	—
Kazuhiro Muto Outside Audit & Supervisory Board Member	Kazuhiro Muto has gained abundant experience, accomplishments, and extensive insight into overall corporate management as an executive of a Japanese subsidiary of a globally active IT company, where he implemented various measures to respond to changes in the business environment including overseas business. Aiming to reflect these qualities in the management of IHI and expecting he can carry out management oversight and monitoring functions from an independent perspective, IHI has elected him as an Outside Audit & Supervisory Board Member.	—	—	(New)	0 shares	Member	—

● Important Concurrent Positions of Outside Officers (as of July 1, 2023)

Name Position at the Company	Number of Important Concurrent Positions	Important Concurrent Positions at Other Companies
Yoshiyuki Nakanishi Outside Director	2	Outside Director for The Japan Steel Works, Ltd., Outside Director for Shimadzu Corporation
Chieko Matsuda Outside Director	5	Faculty of Economics and Business Administration Professor at Tokyo Metropolitan University, Graduate School of Management Professor at Tokyo Metropolitan University, Outside Director for Kirin Holdings Company, Limited, Outside Director for Asahi Kasei Corporation, Outside Director for Toyota Tsusho Corporation
Minoru Usui Outside Director	2	Chairman and Director for Seiko Epson Corporation, Outside Director for Sumitomo Pharma Co., Ltd.
Toshihiro Uchiyama Outside Director	1	Outside Director for Sapporo Holdings Limited, Executive Advisor for NSK Ltd.
Aiko Sekine Outside Audit & Supervisory Board Member	4	Certified Public Accountant Advisor for the JICPA, Faculty of Commerce Professor at Waseda University, Outside Director for Orix Corporation, Outside Audit & Supervisory Board Member for Sumitomo Riko Company Limited
Yumiko Waseda Outside Audit & Supervisory Board Member	2	Outside Audit & Supervisory Board Member for Chugai Pharmaceutical Co., Ltd., Executive Director for Japan Law Foundation, Outside Audit & Supervisory Board Member for SCSK Corporation
Kazuhiro Muto Outside Audit & Supervisory Board Member	1	Advisor for IBM Japan, Ltd.

● Average Attendance of Outside Directors

(Unit: %)

		FY2019	FY2020	FY2021	FY2022
Outside Director	Board of Directors meetings	98	97	100	99
	Outside Audit & Supervisory Board Member				
Outside Audit & Supervisory Board Member	Board of Directors meetings	100	100	98	98
	Audit & Supervisory Board meetings	100	100	100	100

Corporate Governance

● Knowledge and Experience of Directors and Audit & Supervisory Board Members (Skills Matrix)

This table summarizes the knowledge and experience necessary for the Board of Directors to fully demonstrate its functions and to realize the IHI Group's management philosophy and future aspirations.

Up to three skills that are particularly expected for each Director and Audit & Supervisory Board Member are listed, and do not represent all the knowledge and experience of each person.

	Name	Corporate Management	Technology Research and Development	Global Business	Sales Marketing	ICT DX	Human Resources Management/Development	Finance and Accounting	Legal Compliance Risk Management
Director	Tsugio Mitsuoka	○	○						○
	Hiroshi Ide	○		○	○				
	Masataka Ikeyama	○	○						○
	Tsuyoshi Tsuchida	○				○			○
	Hideo Morita		○						
	Akihiro Seo						○		○
	Jun Kobayashi			○	○				
	Yasuaki Fukumoto							○	
Outside Director	Yoshiyuki Nakanishi	○		○	○				
	Chieko Matsuda						○	○	○
	Minoru Usui	○	○	○					
	Toshihiro Uchiyama	○		○	○				
Audit & Supervisory Board Member	Takashi Niimura				○				○
	Seiji Maruyama							○	
Outside Audit & Supervisory Board Member	Aiko Sekine							○	
	Yumiko Waseda								○
	Kazuhiro Muto			○	○	○			

Skills	Expected Abilities Based on Knowledge and Experience
Corporate management	Formulate and implement management strategies to achieve sustainable enhancement of corporate value
Technology/research and development	Promote technology development and R&D that contribute to resolving social issues
Global business	Formulate and implement business strategies that contribute to resolving social issues from a global perspective
Sales/marketing	Formulate and implement sales and marketing strategies that contribute to resolving social issues from the customer's perspective
ICT/DX	Formulate and implement new business models and work styles utilizing ICT and DX, and promote IT risk management
Human resources management/development	Formulate and implement human resource strategies to maximize employee potential
Finance and accounting	Formulate and implement financial strategies to achieve sustainable growth in corporate value
Legal/compliance/risk management	Establish transparent, fair, and efficient governance and risk management systems

Corporate Governance

● Business Execution Structure (as of July 1, 2023)

22 men, 2 women (8.33% of Executive Officers are women)

Directors	Position and Role	Name	Main Responsibilities
○	Chief Executive Officer	Hiroshi Ide	
○	Senior Executive Officer	Masataka Ikeyama	In charge of Group Economic Security In charge of Group Quality Assurance/Design Process General Manager of Monozukuri System Strategy
○	Senior Executive Officer	Tsuyoshi Tsuchida	In charge of Group Procurement, Group DX In charge of Business Relating to Corporate Planning Division
—	Managing Executive Officer	Takeshi Kawakami	President of Social Infrastructure Business Area
—	Managing Executive Officer	Yoshinori Komiya	General Manager of Intelligent Information Management Headquarters
—	Managing Executive Officer	Yasuhiro Shigegaki	President of Industrial Systems & General-Purpose Machinery Business Area
○	Managing Executive Officer	Hideo Morita	President of Aero Engine, Space & Defense Business Area
—	Managing Executive Officer	Kouji Takeda	President of Resources, Energy & Environment Business Area
○	Managing Executive Officer	Akihiro Seo	In charge of Group Human Resources/Administration, Group Safety and Health, Group ESG General Manager of Human Resources Division
—	Managing Executive Officer	Nobuhiko Kubota	In charge of Group Engineering General Manager of Technology & Intelligence Integration
—	Managing Executive Officer	Noriko Morioka	General Manager of Corporate Strategy Headquarters
○	Managing Executive Officer	Jun Kobayashi	General Manager of Business Development Headquarters
—	Executive Officer	Kiyoshi Nihei	In charge of Group Operations General Manager of Marketing & Sales Headquarters
—	Executive Officer	Kazuhiro Onitsuka	Vice President of Industrial Systems & General-Purpose Machinery Business Area
—	Executive Officer	Yukihisa Ozawa	Vice President of Resources, Energy & Environment Business Area
—	Executive Officer	Go Maeda	General Manager of Project Risk Management Division
—	Executive Officer	Shotaro Tabata	Vice President of Industrial Systems & General-Purpose Machinery Business Area
—	Executive Officer	Yoshikazu Hamada	In charge of Business Relating to Shareholder Meeting/Board of Directors In charge of Group Legal Affairs, Group Compliance General Manager of Legal Division

Directors	Position and Role	Name	Main Responsibilities
○	Executive Officer	Yasuaki Fukumoto	In charge of Group Finance & Accounting, General Manager of Finance & Accounting Division
—	Executive Officer	Chie Fukuoka	Deputy General Manager of Technology & Intelligence Integration
—	Executive Officer	Atsushi Sato	Vice President of Aero Engine, Space & Defense Business Area
—	Executive Officer	Takao Tanaka	Vice President of Resources, Energy & Environment Business Area
—	Executive Officer	Kazuya Ueda	Vice President of Social Infrastructure Business Area Representative Director and President, IHI Infrastructure Systems Co., Ltd.
—	Executive Officer	Bernd Bahlke	Deputy General Manager of Business Development Headquarters

Corporate Governance

Remuneration for Officers

Policy on Determination of Remuneration for Officers

IHI approved revision of its policy for determining officer remuneration by a resolution of the Board of Directors on May 9, 2023. Content of the policy was referred for consultation to the Remuneration Advisory Committee, which accordingly deliberated on and reported findings thereof on a preliminary basis, prior to having been resolved by the Board of Directors.

Remuneration of Directors (Excluding Outside Directors)

1. Basic Policy on Determination of Remuneration

- Remuneration for Directors shall be aimed at fully encouraging Directors of IHI to perform their duties in line with the management philosophy, Group vision, and Group management policy, and strongly motivating them toward the achievement of specific management goals to bring sustainable growth of IHI and the IHI Group, and to improve the medium- to long-term corporate value.
- Remuneration shall be structured with the appropriate allocation of a fixed basic remuneration, an annual incentive (performance-based bonuses), which is linked to the operating performance of each fiscal year, and a medium- to long-term incentive (performance-based share remuneration), which is linked to medium- to long-term operating performance and corporate value aimed at broadly sharing a sense of value with stakeholders, and thereby shall contribute to performing with a sound entrepreneurial spirit.
- Under the management philosophy, "Human resources are our single most valuable asset," appropriate compensation and benefit shall be provided to Officers of IHI with consideration of the IHI management environment, and social roles and accountabilities IHI undertakes.

2. Remuneration Level and Allocated Ratios of Remuneration

- IHI shall appropriately establish remuneration levels and allocated ratios of remuneration upon having considered factors that include IHI's business characteristics, effectiveness of incentive remuneration, and professional duties. Moreover, the Company shall perform verification by regularly surveying objective market data on remuneration researched by an external specialized institution.

- IHI shall allocate the ratio of remuneration at approximate proportions of basic remuneration : performance-based bonus : performance-based share remuneration equal to 50%:30%:20% for the President, and the Chairman of the Board, and at approximate proportions of 55%:25%:20% for other Directors, subject to standard business performance.

3. Incentive System

(1) Performance-based bonuses (Annual incentives)

- a. Performance indicators and reasons for selection thereof
Performance indicators shall be those that include: profit attributable to owners of parent underpinned by the aim of maintaining common interests with our shareholders; consolidated operating cash flow underpinned by the aim of strengthening the capacity to generate cash necessary for growth; and individual evaluation indicators corresponding to tasks assigned to each Officer. The performance indicators shall be reviewed as necessary, particularly upon encountering changes in the management environment and Officers' duties.

b. Method of calculating remuneration

The monetary amount of remuneration provided every fiscal year is calculated as the amount of payments based on individual evaluation indicators added to the product of the standard payment amount corresponding to titles and positions multiplied by the performance evaluation payout rate corresponding with percentage achievement of profit indicators. The performance evaluation payout rate varies from a range of zero to approximately 200 depending on the percentage achievement of profit indicators, with a baseline value of 100 for the amount of payment when performance targets have been achieved. In addition, regardless of the calculation results, the annual incentive is not paid to Directors if no dividend is paid.

(2) Performance-based share remuneration (Medium- to long-term incentives)

- a. Performance indicators and reasons for selection thereof
The performance evaluation period shall encompass the next three fiscal years, and performance targets for the final fiscal year of the performance evaluation period shall be established at the outset of the performance evaluation period. Moreover, the performance indicators shall be of primary emphasis under the Group management policies, with consolidated ROIC serving as a performance indicator underpinned by the aims of engaging in business operations that place focus on

investment efficiency, achieving sustainable growth, and increasing corporate value. IHI shall furthermore review the possibility of making appropriate alignments with review of the Group management policies.

b. Method of calculating remuneration

The number of shares to be delivered on an individual basis as performance-based share remuneration (a monetary sum equivalent to the market value of the shares is to be delivered with respect to a portion of such remuneration) shall be calculated as the standard number of shares to be delivered with respect to each of the job title rankings, multiplied by a coefficient aligned with the percentage of the consolidated ROIC target achieved. The coefficient varies from a range of zero to approximately 150 depending on the extent of having achieved such target, with a baseline value of 100 for the number of shares to be delivered when performance targets have been achieved.

4. Remuneration for Officers Providing Services Outside Japan
IHI will pay the expenses it has deemed necessary for business as a separate allowance after taking into consideration the laws, customs, standards, etc. related to local remuneration. Remuneration may be determined individually in consideration of the local market standard, etc. Regarding the allowance, the equivalent amount of money will be included in the basic remuneration.

5. Procedures for Determining Remuneration

To ensure appropriateness and objectivity regarding matters of officer remuneration, the Remuneration Advisory Committee set up by IHI deliberates and reports its findings on remuneration proposals before the Board of Directors makes decisions on such matters.

Remuneration of Outside Directors and Audit & Supervisory Board Members

Remuneration of Outside Directors shall consist only of a base amount in the light of their duties. Remuneration of Audit & Supervisory Board Members shall consist only of a base amount, as compensation for responsibilities for auditing the execution of business throughout the IHI Group. The basic remuneration of Outside Directors and that of Audit & Supervisory Board Members are set at the appropriate level taking into account the role and responsibilities of each Officer. Moreover, the Company shall perform verification by regularly surveying objective market data on remuneration researched by an external specialized institution.

Corporate Governance

Results for FY2022 Remuneration

● Details of Director and Audit & Supervisory Board Members Remuneration

(Unit: Millions of yen)

Officer Category (Persons)		Total Remuneration	Total Remuneration by Type		
			Basic Remuneration	Performance-based Share Remuneration*1	Performance-based Bonus*2
Directors (15)	Internal Directors (10)	613	362	141	110
	Outside Directors (5)	55	55	—	—
Audit & Supervisory Board Members (5)	Internal Audit & Supervisory Board Members (2)	72	72	—	—
	Outside Audit & Supervisory Board Members (3)	41	41	—	—
Total (20)		782	531	141	110

*1 The total amount of performance-based share remuneration is the amount of the provision for share acquisition costs related to the granted points recorded in the fiscal year under review, which is different from the actual total payment amount.

*2 The total amount of performance-based bonus is the amount of the provision for the fiscal year under review, which is different from the actual total payment amount.

● Remuneration Paid, etc. of Directors and Audit & Supervisory Board Members, Whose Total Amount Paid to Each Position of Directors and Audit & Supervisory Board Members, Equaled or Exceeded ¥100 Million

(Unit: Millions of yen)

Name	Officer Category	Total Remuneration	Total Remuneration by Type		
			Basic Remuneration	Performance-based Share Remuneration*1	Performance-based Bonus*2
Tsugio Mitsuoka	Director	115	66	27	22
Hiroshi Ide	Director	125	72	29	24

*1, *2 The total amount of performance-based share remuneration and performance-based bonus is the amount of the provision for the fiscal year under review, which is different from the actual total payment amount.

● CEO's Annual Remuneration to Average Employee Salary, Total Annual Remuneration

Highest total annual remuneration (CEO) (Rounded down to million yen)	125,000,000
Average annual salary (yen) of IHI employees (Total: 7,768)	7,929,311
Ratio (CEO: employees)	16 : 1

● Targets and Results of the Performance Evaluation Indicators for Performance-based Remuneration

Type of Remuneration	Targets	Performance Evaluation Indicator	Weight	Fluctuation Range of Performance Evaluation Payout Rates	Targets	Results	Performance Evaluation Payout Rates
Performance-based bonus*1	Representative Directors	Consolidated profit*3	50%	0-200%	Upper: 58.1 billion JPY Target: 37.1 billion JPY Lower: 16.1 billion JPY	25.6 billion JPY	33.7%
		Consolidated operating cash flows*3	50%	0-200%	Upper: 180.0 billion JPY Target: 130.0 billion JPY Lower: 80.0 billion JPY	44.4 billion JPY	0%
	Directors (Excluding Representative and Outside Directors)	Consolidated profit*3	40%	0-200%	Upper: 58.1 billion JPY Target: 37.1 billion JPY Lower: 16.1 billion JPY	25.6 billion JPY	26.9%
		Consolidated operating cash flows*3	40%	0-200%	Upper: 180.0 billion JPY Target: 130.0 billion JPY Lower: 80.0 billion JPY	44.4 billion JPY	0%
		Individual performance evaluation	20%	0-150%	Set individually and evaluated by the President and decided at the Board of Directors.		Maximum: 15% Minimum: 7.5%
Type of Remuneration	Targets	Performance Evaluation Indicator	—	Fluctuation Range of Share Payout Rates	Targets	Results	Performance Evaluation Payout Rates
Performance-based share remuneration*2	Internal Directors	Consolidated ROIC	—	0-150%	Upper: 15% Target: 12% Lower: 5%	6.3%	25%

*1 Performance-based bonus: Performance-based bonuses paid with consideration to business duties executed during the fiscal year ended March 31, 2023.

*2 Performance-based share remuneration: The fiscal year ended March 31, 2021, will be the beginning fiscal year of the performance evaluation period, and the fiscal year ended March 2023 will be the ending fiscal year of the performance evaluation period.

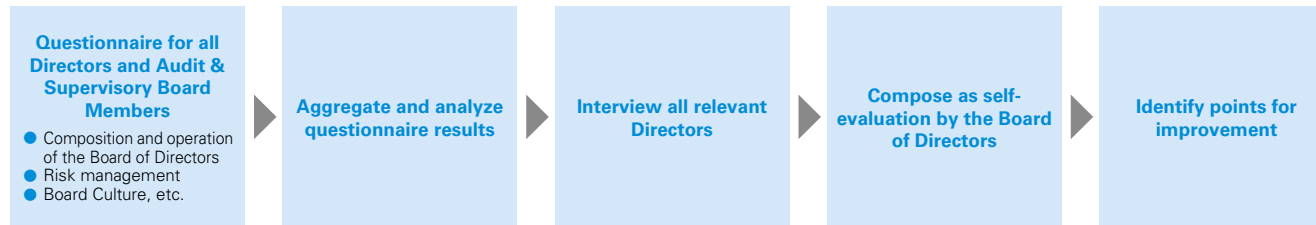
*3 Results for consolidated profit and consolidated operating cash flow performance indicators modified from the exchange rate presumed when drafting management plans.

Corporate Governance

Board of Directors Evaluation

IHI has been evaluating the performance of the Board of Directors annually in principles since fiscal 2015 to further its effectiveness. The next evaluation of the Board of Directors is scheduled to be conducted during fiscal 2023.

● **Basic Effectiveness Evaluation Process**



● **Initiatives That Underwent Effectiveness Evaluation and Their Results**

	Items	Results	Evaluated Initiatives
FY2021 Evaluation	<p>Third-party assessment</p> <ul style="list-style-type: none"> ● Questionnaire analysis ● Interview with all Officers ● Review of the amount of time spent on deliberations and remarks made in the meeting minutes ● Comprehensive evaluation based on the above items 	<ul style="list-style-type: none"> ● Decision-making and auditing functions of important management matters are effectively carried out <p><Identified issues></p> <ul style="list-style-type: none"> ● There is room to find ways to grow and improve even more ● High-priority challenges <ul style="list-style-type: none"> ● More comprehensive debate on medium- to long-term strategies, monitoring, and risk management ● Further improve management of the Board of Directors 	<p>Management of the Board of Directors in FY2022</p> <ul style="list-style-type: none"> ● Deliberation on the progress of measures based on IHI Group ESG Management and Project Change and the formulation of the new medium-term management plan Group Management Policies 2023 ● Start providing regular feedback to the Board of Directors about matters pointed out in Board of Directors meetings ● Enhance opportunities to foster communication between Officers outside of Board of Directors meetings
FY2022 Evaluation	<p>Self-evaluation</p> <ul style="list-style-type: none"> ● Questionnaire analysis by a third party ● Interviews with all Officers by the secretariat 	<ul style="list-style-type: none"> ● Effectiveness is ensured <p><Identified issues></p> <ul style="list-style-type: none"> ● More comprehensive deliberation and reporting of specific management strategies and important monitoring items ● From the standpoint of succession planning, expanding points of communication between Outside Directors who are members of the Nomination Advisory Committee and Executive Officers ● Provide information to Outside Officers and further improve communication between Officers as a basis for deepening deliberations 	<p>Management of the Board of Directors in FY2023</p> <ul style="list-style-type: none"> ● The most important theme to be debated throughout the year is the transformation of our business portfolio set forth in Group Management Policies 2023 ● Planned debate of other important Company-wide measures ● Expanding dialogue between Outside Officers and Executive Officers ● Review of standards for discussion by the Board of Directors to enhance matters to be reported ● Provide information to Outside Officers and further improve communication with Outside Officers (office visits, meetings to exchange opinions, etc.)

Backup system for improving the effectiveness of Outside Directors and Outside Auditors

At IHI, Outside Directors are assisted in executing their duties, such as giving advance explanations of agenda items for the Board of Directors. The Audit & Supervisory Board secretariat assists the Outside Audit & Supervisory Board Members in executing their duties, and the Standing Audit & Supervisory Board Members report on the status of daily audits and share information.

Corporate Governance

Shareholder Composition

Shareholder Composition

[web](#) Annual Securities Report

[web](#) Integrated Report

Employee Stock Ownership Association Membership Rate

Of the IHI employees, 46.9% are members of the Employee Stock Ownership Association as of March 31, 2023.

Others

Corporate Governance Report

Please see our Corporate Governance Report for more information about IHI corporate governance.

[web](#) Corporate Governance Report

Cross-Shareholdings

Approach/Policies

Purpose of Cross-shareholdings

IHI has established the following policy on cross-shareholdings.

As a general rule, IHI looks to reduce cross-shareholdings after engaging in a suitable dialogue with the issuing company. However, IHI may hold shares in strategic partners for business alliances, joint research and development, or other forms of collaboration for the purpose of pursuing medium- to long-term growth and increased corporate value for IHI.

Management of Cross-shareholdings

IHI verifies and reports the propriety of individual shareholdings, including unlisted stocks, to the Board of Directors by confirming the medium- and long-term significance based on the holding policy and examining the economic rationality on whether the advantages and risks brought by the shareholdings are appropriate for the capital costs.

Criteria for Exercising Voting Rights

The policy for exercising voting rights for cross-shareholdings requires IHI to determine whether each proposal will help improve the medium- to long-term corporate value of the company without harming its own corporate value. If any concerns arise about a particular matter, IHI decides how to exercise its voting rights through a dialogue with said company.

Results

In fiscal 2022, IHI wholly sold seven security names among its 130 security names of cross-shareholdings (44 listed and 86 unlisted security names) it owned, newly acquiring three new security names in addition to this.

Compliance

Business Ethics & Compliance

Approach/Policies

Basic Code of Conduct for the IHI Group

We at the IHI Group know that living up to the expectations of stakeholders and earning their trust is vital to drive the sustainable growth of both customers and society. The Basic Code of Conduct for the IHI Group defines the practices necessary to embody this belief.

● Basic Code of Conduct for the IHI Group

We at the IHI Group are committed to implementing what is necessary to meet the expectations and gain the trust of not only our customers, business partners, shareholders and colleagues, but also the local and international communities, while maintaining an awareness of global issues. By doing so, we aim to enhance our existential value as we move forward into the future and realize our Group's management philosophies of "Contribute to the development of society through technology" and "Human resources are our single most valuable asset."

Fundamental and Universal Principles of the Entire IHI Group

Respect for the rule of law and ethical conduct

We strictly observe laws and ordinances based on a clear understanding of their meaning. We also act sincerely and fairly and in accordance with high ethical standards so that we do not violate social rules or international norms.

Respect for human rights

We fully recognize the importance of, and always strive to respect, human rights during our business activities.

Promotion of mutual understanding

In order to promote mutual understanding with those around us, we strive to disseminate information on our business activities, explain the effects of these activities on the surrounding environment, and engage in an exchange of opinions with our broader communities on a daily basis.

Responsibilities toward People, Society, and the Environment

Responsibilities toward people connected with the IHI Group via our products and services

- 1 We establish relationships of mutual trust with the people with whom we are involved in the course of our business, help solve social issues in a variety of fields by using our abilities to the utmost, and develop and provide products and services to assure more comfortable lives for people around the world.
- 2 We pay full attention to the safety of the products and services we develop and provide and constantly strive to raise the quality level of our products and services by confirming whether they satisfy customers and users.
- 3 We deal appropriately with other parties in our business transactions and seek profit fairly, while at the same time we strive to establish fair and mutually-productive relationships with our customers and business partners.

Responsibilities toward those with whom we work

We strive to respect mutually the character and individuality of all people with whom we work and maintain a safe, supportive, and comfortable environment in which we can work easily.

Responsibilities toward local and international communities

- 1 With an awareness that each one of us is a member of society, we actively take part in initiatives to solve the problems faced by society.
- 2 No matter the region of the world where we conduct our business, we understand the value of the culture unique to each region and strive to meet the expectations of people living there.
- 3 We take a resolute attitude against organizations and forces that threaten social order and safety.

Responsibilities toward the global environment

Based on our recognition that the global environment

provides the foundation for the existence of all societies and cultures, we take care so as not harm that which also will be needed by future generations and strive to protect, and reduce the burdens on, the global environment, not only in the course of our provision of products and services but also in all other aspects of our business activities.

Roles and Responsibilities of Senior Management

Roles of Senior Management

- 1 Senior Management recognizes that their role is to ensure the realization of this Code of Conduct and takes the initiative to demonstrate leadership in order to put the purposes of this Code of Conduct into practice.
- 2 Senior Management ensures that this Code of Conduct is known to all people with whom they work and constantly strives to establish, maintain, and improve effective internal systems and to enhance our corporate value.

Responsibilities of Senior Management

If a violation of this Code of Conduct occurs, Senior Management will strive to take the initiative to solve the problem, discover its cause, and prevent the recurrence of similar violations. They also will promptly disclose accurate information to society, clarify the responsibilities and scope of the authority of the persons involved, and impartially take disciplinary action even upon themselves.

IHI Group Code of Action

In order to comply with this Code of Conduct, we establish "IHI Group Code of Action" as the code prescribing how directors, officers, and employees of the IHI Group should make decision and take action in their daily work.

web Your Guide to IHI Group's "Basic Code of Conduct"

Compliance

Our Philosophy on Compliance

The IHI Group implements its compliance program in accordance with the Basic Rules of Compliance for IHI Group and other internal policies.

These activities are conducted not only to address legal compliance but also to respond to the needs of society based on a full proper grasp of society's ever-changing values and expectations.

To prevent a recurrence of the Civil Aero Engine Maintenance Business quality issue that we experienced in fiscal 2019, we have been focusing on and reinforcing our compliance and quality assurance systems as part of our risk management activities. We have also formulated the IHI Group Code of Action as guidelines to be followed in daily work by all IHI Group Officers and employees.

IHI also designated a Compliance Day (May 10th) as an annual event starting in fiscal 2021. A variety of actions are taken to raise awareness about compliance on that day, such as the release of a message from top management and workplace dialogues.

IHI Group Code of Action

1. We truly understand and will comply with any and all applicable rules.
2. We do not engage in any wrongdoing.
3. We respect human rights.
4. We make safety and quality for our customers a top priority.
5. We enter into fair and legitimate transactions.
6. We never impair the safety of ourselves or our colleagues.
7. We strictly manage and control information.
8. If we discover an issue, we report it immediately.

Basic Rules of Compliance for IHI Group

Compliance is the foundation for companies to do business in society.

The IHI Group shall act as follows in accordance with the Basic Code of Conduct for the IHI Group:

- Strictly observe all laws, internal rules, and other regulations
- Act in a fair and responsible manner as business people

Compliance

Structure

Compliance Committee

The IHI Group established the Compliance Committee as a Group-wide committee on compliance under the Risk Management Conference. The Committee discusses and drafts important policies and promotes compliance activities. This Committee is made up of Heads of Compliance from each division, with the Officer in charge of Group Compliance as chairperson.

Compliance Committee members roll out the decisions made by the Committee to each division by incorporating them into compliance activities tailored to the division. Compliance Committee members inform the Committee of progress made by the divisions and also use a PDCA cycle for compliance activities. With regard to Committee activities, results from the previous fiscal year along with plans for the current fiscal year are reported at the Management Committee at the start of each new fiscal year. In addition, the Legal Division acts as a secretariat to plan and execute compliance activities in accordance with the policies created by the Compliance Committee while also monitoring the progress of compliance activities in each division and providing guidance and support as necessary.

Compliance Structure



Compliance Committee

Chairperson	Officer in charge of Group Compliance
Secretariat	Compliance Group of the Legal Division
Members	Head of Compliance of each division
Number of meetings convened in FY2022	4

Compliance Hotline

The IHI Group runs the Compliance Hotline as an internal reporting system to quickly identify actions that violate or potentially violate laws, internal regulations, or internal and external rules by IHI Officers and employees to allow IHI to take corrective action as soon as possible. This system prohibits retribution toward whistleblowers. Anyone who engages in retribution against a whistleblower will be disciplined in accordance with applicable employment regulations.

IHI Officers and employees can directly report to or consult with third-party experts outside of their chain of command via this hotline.

The hotline is available inside and outside Japan, always in the appropriate local language.

Framework of the Compliance Hotline



Compliance

Education/Awareness Building

Quality & Compliance Training

IHI extended quality & compliance training to all Group companies beginning in fiscal 2019. From fiscal 2020, IHI has been conducting training based on case studies to identify potential causes of and risk factors that lead to quality compliance issues and to prevent similar problems from arising at the IHI Group. In fiscal 2022, we held the same training program again, mainly for those who had not yet taken it as well as newly appointed Managers.

Moreover, in fiscal 2022, we conducted e-learning on the revised Whistleblower Protection Act for all employees within Japan. In addition to explaining the basics of this act, we urged for further understanding regarding the Compliance Hotline as a contact point for whistleblowers.

Compliance Day (May 10th) Activities

The IHI Group designated May 10th as an annual Compliance Day in fiscal 2021, and every year on this day it takes various initiatives to raise awareness about compliance.

In fiscal 2022, Compliance Day featured a video talk from a distinguished visiting lecturer in addition to a video discussion between the Officer in charge of Compliance and a representative employee and workplace dialogues for all Group Officers and employees. The visiting lecturer talked about organization building and psychological safety and so on around the idea that building a better organization develops better human resources.

In fiscal 2023, top management broadcasted a video message and workplace dialogues, etc. on compliance were held.

Number of Compliance Training Participants

(Unit: People)

Item		Scope of Data	FY2019	FY2020	FY2021	FY2022
Officer Training		IHI and affiliated companies in Japan	—	—	—	—
Line Manager Training		IHI and affiliated companies in Japan	72	—	—	—
Quality & Compliance Training		IHI and affiliated companies in Japan	27,866	24,085	26,243	25,870
		Affiliated companies overseas	1,774	3,261	4,938	5,334
e-learning	Japan (Conducted as Quality & Compliance Training since FY2020)	IHI and affiliated companies in Japan	18,164	20,169	21,659	21,635
	Overseas	Affiliated companies overseas	1,214	—	—	—

Results

Number of Compliance Hotline Reports

(Unit: Reports, Scope: IHI and affiliated companies)

Item	FY2019	FY2020	FY2021	FY2022
Reports	239	202	263	286

Compliance

Tax Compliance

Approach/Policies

As new rules regarding international taxation are being introduced, there is an increasing need for companies to ensure transparency and accountability regarding their tax affairs to stakeholders including authorities, investors, and society.

In April 2019, the IHI Group established the IHI Group Global Tax Policy as a fundamental policy in response to the demand for more sophisticated tax governance.

● IHI Group Global Tax Policy

The IHI Group enacts the Global Tax Policy in accordance with “Basic Code of Conduct for the IHI Group,” for the purpose of developing global tax compliance, and aims at growing sustainably and enhancing corporate value over the future.

1. Respect for the rule of law

The IHI Group observes the laws and ordinances on taxes of each country or region based on a clear understanding of their meaning. The IHI Group also acts sincerely and fairly with high ethical standards so that it does not violate social rules or international norms.

2. Transfer pricing

The IHI Group, by assessing transfer pricing in accordance with the laws and ordinances of each country or region and the International Transfer Pricing Guidelines, is committed to appropriately allocating income commensurate with the contribution of each Group company and to making proper tax payment in each country and region.

3. Tax planning

The IHI Group does not engage in tax planning for the purpose of tax avoidance.

4. Relationship with the tax authorities

The IHI Group, by providing information in the course of tax administration procedures and tax audits appropriately and in a timely manner, strives to maintain a sound relationship with the tax authorities of each country or region.

Structure

Tax Governance & Risk Management

The IHI Group strives to implement appropriate tax governance for the entire Group under the jurisdiction of the Officer in charge of Group Finance & Accounting Division.

Education/Awareness Building

The IHI Group has translated its IHI Group Global Tax Policy into multiple languages, which it distributes to affiliated companies in Japan and overseas in order to educate while disseminating it throughout the Group.

Initiatives

Tax Stakeholder Engagement & Management

The IHI Group makes tax declarations appropriately and in a timely manner, by observing the tax laws and ordinances in each country or region, striving to maintain a sound relationship with the tax authorities. In addition, in order to promote efforts to improve tax governance, we report the results of our own tax investigations at the Management Committee and undertake measures to prevent recurrence through upper management.

Based on these efforts, the IHI Group ensures its tax compliance and appropriately manages any tax costs and risks.

Compliance

Competition Laws/Anti-corruption Laws

Approach/Policies

Commitment to Competition and Anti-corruption Law Compliance

More global and borderless corporate activities make compliance with various competition laws in each country indispensable to maintain and gain business opportunities in international markets. International rules prohibit conference of illicit benefit and/or other forms of corruption.

We are fully committed to complying with competition laws, anti-corruption laws, and all other laws and regulations as part of the code of action for all the employees, Officers, and Directors of the IHI Group.

IHI revised the IHI Group Competition Law Compliance Policy in fiscal 2021 to strengthen the competition law compliance framework. For instance, this policy calls for appointment of a Management Supervisor in charge of competition law compliance for each division. In conjunction with this policy, the IHI Legal Division monitors the progress of compliance management in each of these divisions and advances ongoing initiatives. This includes support to put in place effective measures tailored to the actual conditions of each business.

The IHI Group also adheres to anti-corruption laws. The IHI Group Basic Policy Against Bribery of Public Officials prohibits bribes, facilitation payments, and other inappropriate payments and donations to public officials. To increase the effectiveness of this policy, we have drafted operating standards, appointed a Chief Administrator, and put in place specific procedures in each division.

Structure

The IHI Group promotes educational and monitoring

programs with the IHI Legal Division at the core of Group compliance and risk management.

Each of IHI's divisions and consolidated subsidiaries in Japan and overseas assesses the risk of violations of competition and anti-corruption laws as well as other compliance risks every year. Each of them conducts the risk assessments tailored to their business and addresses any issue found according to the level of risk with the support of the IHI Legal Division.

We also identify and handle any compliance issues at the earliest possible stage through the Compliance Hotline. If any major compliance issues are ever discovered, IHI establishes a task force led by the Chief Executive Officer to quickly and flexibly handle the issue while leveraging the knowledge of internal and external experts. This task force not only addresses issues but also introduces and supports measures to prevent recurrence.

Education/Awareness Building

Employee Training and Education

The IHI Group provides training to teach employees about various competition laws worldwide, such as the Japan Antimonopoly Act and Unfair Competition Prevention Act, the United States Sherman Antitrust Act, and competition law in the European Union.

IHI trains all of its new employees on the basics of anti-corruption laws. We also regularly educate all employees about the United States Foreign Corrupt Practices Act (FCPA) and the United Kingdom Bribery Act 2010 while monitoring the risk of anti-corruption law violations in Japan and overseas.

These activities are performed according to the degree of risk in each division, based on risk assessment results. In addition to this, we receive feedback from participants about these awareness-raising activities, and the IHI Legal Division reviews the effectiveness of the program to help enhance compliance education every year.

Number of Training Participants (Unit: People)

Item		Scope of Data	FY2021	FY2022
Officers and employees		IHI and consolidated subsidiaries	1,871	2,007
(Breakdown)	Japan	IHI and subsidiary companies in Japan	1,721	1,784
	Overseas	Subsidiary companies overseas	150	223

Results

Competition Laws/Anti-corruption Law Violations

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

Item	FY2019	FY2020	FY2021	FY2022
Competition law	0	0	0	0
Anti-corruption law	0	0	0	0

Expenditure to Political Organizations, Economic Organizations, and Other Major Industry Organizations

(Unit: Millions of yen, Scope: IHI)

Item		FY2019	FY2020	FY2021	FY2022
Expenditure	Political organizations	10	10	10	10
	Economic organizations	56	57	52	55
	Other major industry organizations	120	122	119	122

Initiatives

Business Sites Conducting Risk Assessments to Prevent Bribery

Every year the IHI Group conducts risk assessments related to bribery prevention among each of IHI's divisions and consolidated subsidiaries in Japan and overseas.

Compliance

Security Trade Control

Approach/Policies

The IHI Group properly implements security trade controls to maintain international peace and safety. The IHI Group feels it necessary to make an effort to reduce the risks of legal violations and economic sanctions by not only complying with the Foreign Exchange and Foreign Trade Law but also Group companies overseas also complying with all laws in each country and region they operate in as well as conducting trade controls with consideration to foreign laws with extraterritorial application.

For this reason, the IHI Group established Security Trade Control Rules to implement proper trade control.

Structure

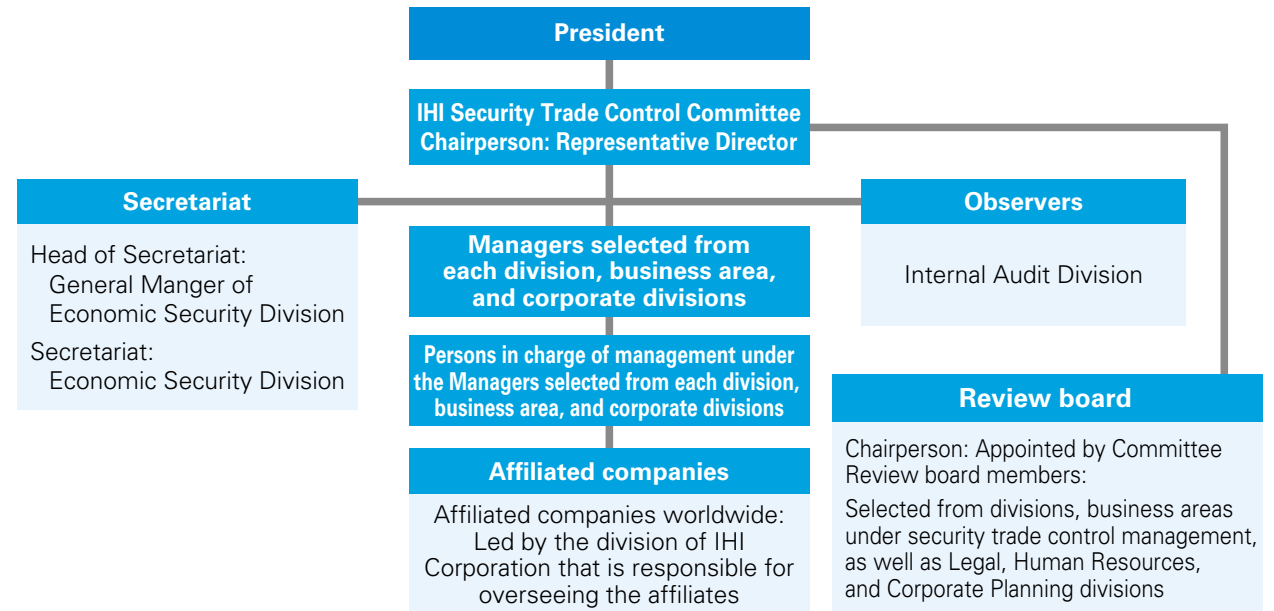
IHI Security Trade Control Committee

The IHI Group has established its own security trade control rules and set up an IHI Security Trade Control Committee. Under these rules, the Committee works to properly control trade.

The IHI Security Trade Control Committee is a Group-wide body led by the Representative Director, Committee members (Managers selected from each division, business area, and Corporate Division) as well as review board members and the secretariat (Economic Security Division). At the Committee, the Committee members review security trade control, audit trade control practices, and conduct activities to share, raise awareness, and educate the Group on the latest information about relevant laws and regulations.

In fiscal 2022 this Committee was held on three occasions, sharing audit results, management concerns, and security trade conditions including the situation overseas, and horizontally disseminating them to improve management quality throughout the IHI Group.

Security Trade Control Structure



IHI Security Trade Control Committee

Chairperson	Representative Director
Secretariat	Economic Security Division
Members	Managers selected from each division and business area
Number of meetings convened in FY2022	3

Compliance

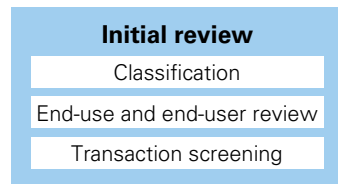
Security Trade Control Review

Regarding security trade control, it is important that all applicable cases are covered and that individual reviews are conducted appropriately.

The IHI Group conducts reviews as part of a three-line defense system.

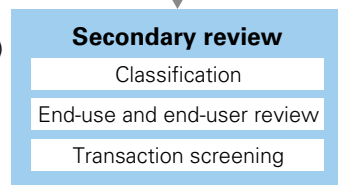
● **Security Trade Control Review System**

First defense line
(Application division)



Request

Second defense line
(Divisions and business areas)

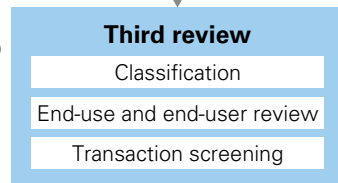


Not applicable to list control
(Catch-all control cases)
Non-concerns



List control issues or concerns

Third defense line
(Corporate and review board)



Transaction approval
(Including instances where export is permitted after obtaining necessary licenses)



Note: Carrying out additional necessary procedures such as applying for government licenses

Denial



Education/Awareness Building

Security trade control requires comprehensive and precise understanding. Proper management cannot be achieved without a correct understanding of it by each employee.

The IHI Group focuses on security trade control education for employees and conducts the following education for each specific level.

- Basic security trade control
- Education for export practitioners
- Education for Security Trade Managers
- Education for Committee members

Risk Management

Risk Management

Approach/Policies

The IHI Group considers and engages in risk management as the top material issue of management. The basic objectives of risk management are ensuring business continuity and the safety of Officers, employees, and their families, securing managerial resources, and maintaining public trust. We manage risk in accordance with the following action guidelines based on the Basic Code of Conduct for the IHI Group.

1. Ensure the continuity of the IHI Group's business operations.
2. Improve the public reputation of the IHI Group.
3. Protect the IHI Group's managerial resources.
4. Avoid jeopardizing stakeholders' interests.
5. Achieve recovery from damage as soon as possible.
6. Take responsible action when an issue arises.
7. Meet public requirements regarding risks.

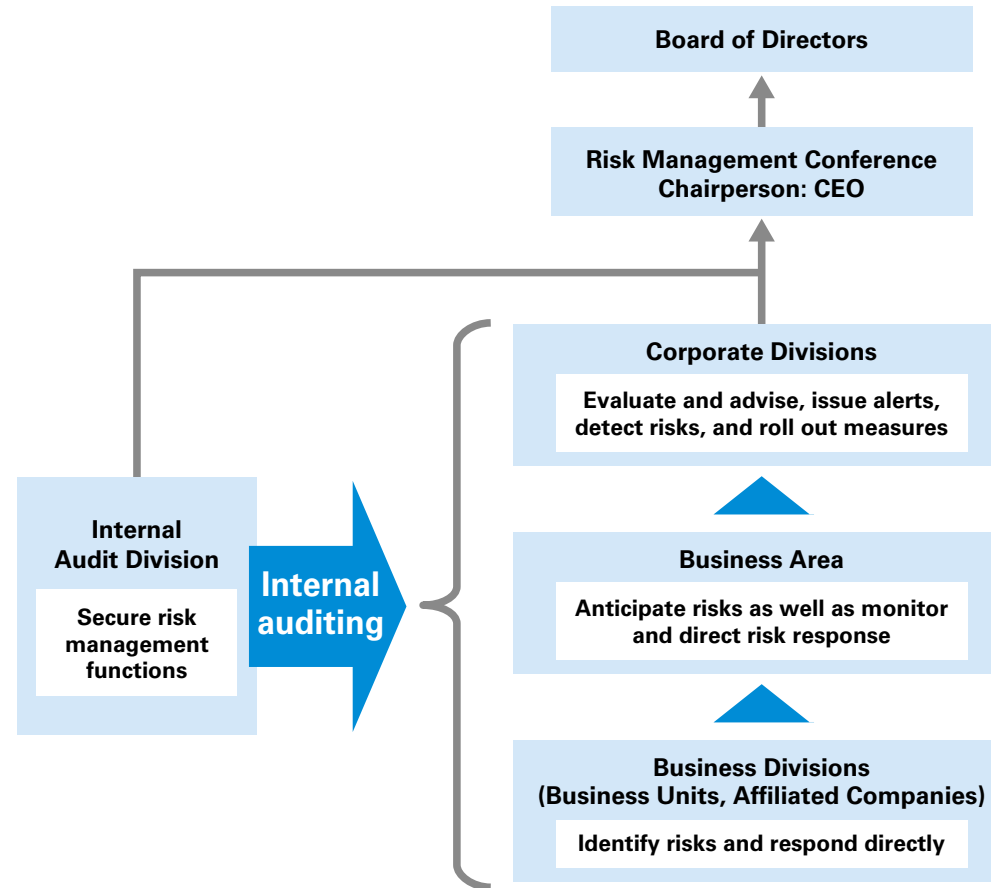
Structure

The IHI Group set up the Risk Management Conference chaired by the Chief Executive Officer (CEO) as a body to review policy initiatives, annual plans, corrective measures, and other matters vital to overall risk management. The Compliance Committee is positioned as the subcommittee of the Risk Management Conference.

P.29 Compliance Structure

In order to carry out robust risk management, IHI has clarified the roles and responsibilities of business divisions, including affiliated companies, the business area, corporate divisions, and the Internal Audit Division, as well as built a multi-layered risk management framework.

Risk Management System



Risk Management Conference

Chairperson	CEO
Secretariat	Corporate Planning Division
Members	General Managers of each Group Risk Management Unit, Presidents of each business area, and others nominated by the Chairperson
Number of meetings convened in FY2022	4

Risk Management

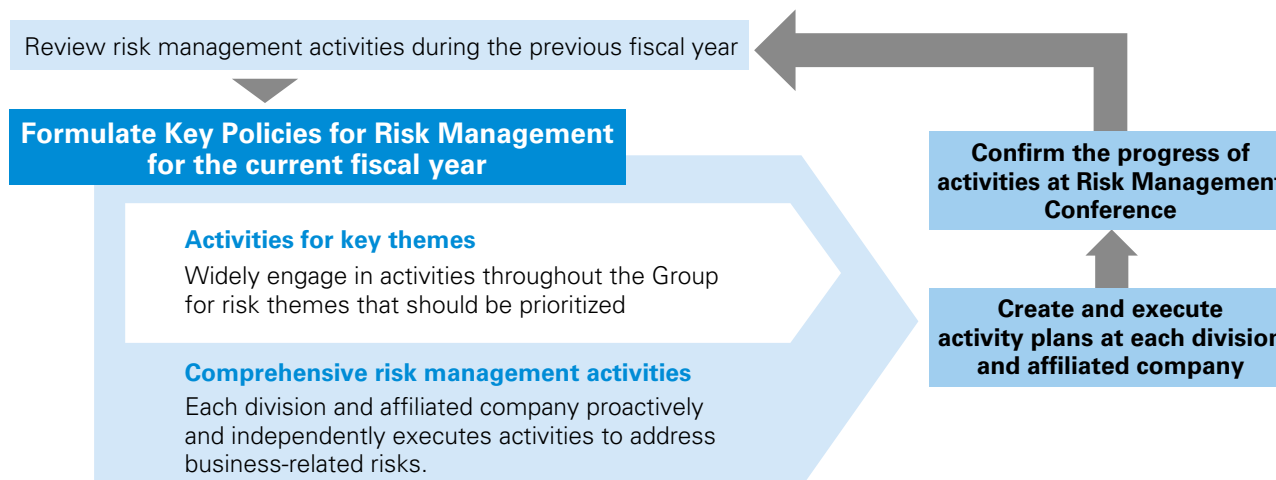
Risk Management Framework

The IHI Group establishes the Key Policies for Risk Management for each fiscal year. Each IHI division and affiliated company, including those overseas, move forward with independent risk management in accordance with these policies.

We are working on comprehensive risk management activities for a wide range of business-related risks. We also designate particularly important risks as the key risk management themes.

Group Risk Management Units made up primarily of IHI corporate divisions provide information and training capitalizing on their expertise, monitor the progress of risk management activities, and offer support to each division.

● Risk Management Activity Flow



Initiatives

In fiscal 2022, the IHI Group implemented initiatives to strengthen risk management through key themes. Progress of these initiatives is verified on a quarterly basis at the Risk Management Conference, furthermore accelerating risk management through a PDCA cycle.

P.27 Compliance

Key Policies for Risk Management in FY2023

Under the Group Management Policies 2023, the IHI Group will accelerate its transformation into a corporate structure capable of responding to destructive environmental changes. We are strengthening our ability to respond to risks that hinder the execution of business scenarios and risks that damage our business operation foundation by building a system to prepare for emergencies. This system will be able to respond to the new social environment where uncertainty is becoming the norm, such as expanding geopolitical risks, advancing inflation, energy and human resource shortages, and frequent occurrences of severe disasters.

● The Key Risk Management Themes for FY2023

The IHI Group will strive to foster sustainable growth and improve corporate value through focused efforts on each of the themes described below.

1. Responding to risks that damage our business operating foundation
 - Compliance
 - Quality assurance
 - Economic security
 - Information security
 - Human rights
 - Risk of talent shortage
2. Responding to risks that hinder the execution of business scenarios

● Review of Risk Management Activities by Board of Directors

The details of activities examined and confirmed by the IHI Group's Risk Management Conference are reported to the Board of Directors on a quarterly basis.

The Board of Directors evaluates the risk management activities reported by the Risk Management Conference and reflects the results in the risk management activities for the current fiscal year. These reports also play a role in drafting Key Policies for Risk Management for the next fiscal year.

Risk Management

Addressing ESG Risks

In the IHI Group ESG Management announcement made in November 2021, the IHI Group identified measures to combat climate change, respect human rights, promote diversity, equity, and inclusion, and secure and maintain the trust of stakeholders as material issues for ESG management. In the Group Management Policies 2023 announcement made in May 2023, we regard responses to customer and social issues, including climate change countermeasures, as business opportunities, and promote ESG management by incorporating environmental and social values into our business evaluations.

Through internal organizations and various activities centered on the Risk Management Conference and the ESG Management Promotion Committee, the IHI Group conducts key theme activities and comprehensive risk management activities for risks related to the above-mentioned ESG management material issues.

Risk Management

Project Risk Management

Approach/Policies

The IHI Group believes that the initial plan has a substantial impact on the subsequent results of both large-scale projects and investments. The impact of the initial plan is particularly significant in the case of projects including new elements or elements that have not been implemented for a long time. Based on these factors, we are conducting risk management by establishing review processes and systems before accepting orders and making investments.

Structure

As a pre-order and pre-investment review, we check the appropriateness and risks in the initial plan, confirm no experience and inexperienced factors, and conduct a review by internal and external experts, as well as a multilateral and comprehensive review by the review department.

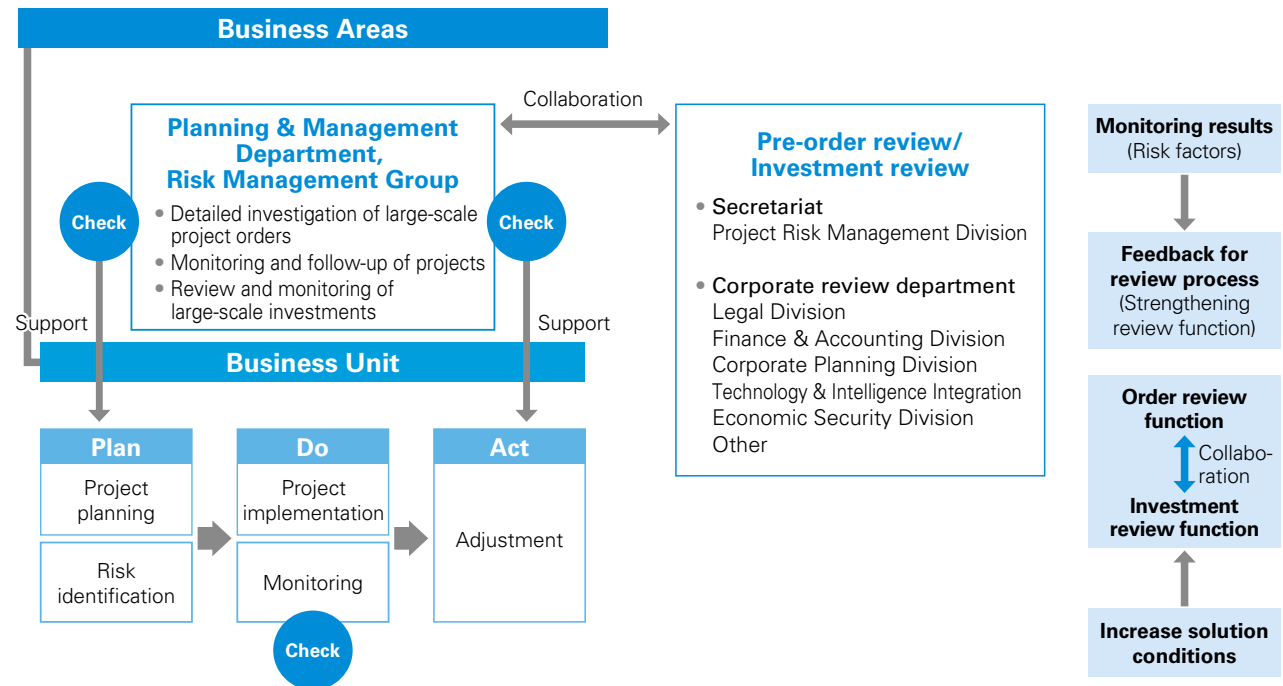
After ordering and investment is underway, we monitor the progress to ensure things are going according to the initial plan, if there are any new incidents, or that risks are handled appropriately in cooperation with the corporate review department and the department in charge of risk management of each business area.

Initiatives

The number of downward revisions for large-scale projects is decreasing, indicating a certain degree of success in project risk management. We believe that the effects of improving the accuracy of our estimates by strengthening our estimate system as well as enhancing the resource management of key members involved in project execution and other initiatives have become apparent. In fiscal 2022, we especially have strengthened our post-order monitoring, including on-site surveys, for large-scale projects by affiliated companies overseas, which are on the rise. In response to the recent price fluctuations, we have launched a mechanism to monitor

social trends and other factors regarding procurement-related risks that may affect the profits and schedules of large-scale projects. As the IHI Group continues to invest in growth and development-focused businesses in the future, in addition to current steps to prevent downward revisions, the IHI Group will seek information from the project formulation stage for highly novel projects, the number of which is likely to increase. We will identify risks at an early stage through information collection. We are conducting Project Manager Training for employees who plan to work as Project Managers in the future as part of strengthening the project management capabilities of the IHI Group.

Project Risk Management System



Risk Management

Crisis Management

Approach/Policies

We have formulated a crisis management structure, response procedures, and Business Continuity Plans (BCP) for the entire IHI Group to respond to emergency situations as part of the Basic Rules on Crisis Management for IHI Group.

In the event of a situation that could have a serious impact on management or business operations, we will consider the degree of impact, such as the severity, ripple effects, and continuity of the crisis, set up a Crisis Management Headquarters according to the level of the crisis to deal with the damage and take appropriate measures to minimize damage. At the highest crisis level, the head of the Crisis Management Headquarters is, in principle, the CEO.

Initiatives

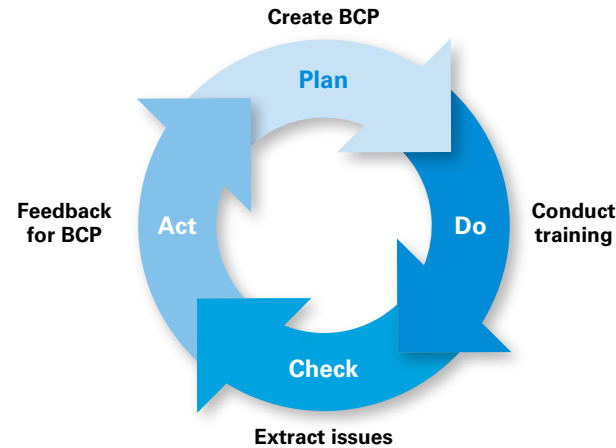
Disaster Prevention Initiatives

To prepare for severe disasters, the IHI Group has built a system to ensure both employee safety and business continuity. In addition, we have clarified the organizational structure and necessary actions in our internal rules, during both normal times and during times of disaster.

The Group has also established a BCP for each representative office, division, and affiliated company, invites outside experts, and revises the plans on a regular basis through routine training and classroom work to verify the effectiveness.

Every March, we conduct Group-wide response training, which the President and other management executives take part in to prepare for severe disasters. By changing the training day, time, and estimated damage of a disaster each year, the effectiveness of the BCP can be tested from various angles.

Continual Revisions to the BCP



Measures to Prevent the Spread of COVID-19

The IHI Group strives to ensure business continuity by prioritizing the health and safety of employees, their families, and every other stakeholder above all and engaging in measures to prevent the spread of COVID-19 infection and any potential cluster infections.

In response to COVID-19, which spread rapidly in 2020, guidelines were formulated to prevent the spread of the virus throughout the Group for each department (offices, plants, construction sites) based on the policies and instructions of the government and local governments. Furthermore, in order to respond flexibly to remote work (working from home), we have upgraded the system by examining online-based business processes.

Innovation Management

Technology & Intelligence Integration

Approach/Policies

The IHI Group aims to create a world where nature and technology work in unity, and has undertaken the challenge of developing technology that continuously provides new value by envisioning a variation of future possible solutions for complex social issues and cultivating technology in cooperation with various partners. In proceeding with technology development, introducing model-based development has enabled us to formulate optimal development plans by identifying developmental bottlenecks and theoretical limits through a variety of simulations at an earlier stage. In addition, we conduct simulations instead of demonstration tests for scaling up development with the aim of shortening development periods and putting developed technology into practical use as soon as possible.

Priorities in Technology Development

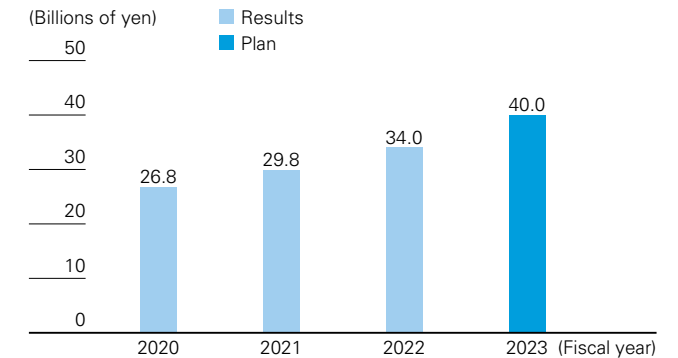
In order to achieve its vision for the growth, development-focus, and core businesses in the Group Management Policies 2023, the IHI Group concentrates research funds and human resources on the fields of these businesses to conduct technology development.

In the fields of aero engines and space, which are both our growth businesses, we are in the midst of developing technology related to the weight reduction and electrification of aircrafts and equipment as well as sustainable aviation fuel (SAF) to make aircraft eco-friendly.

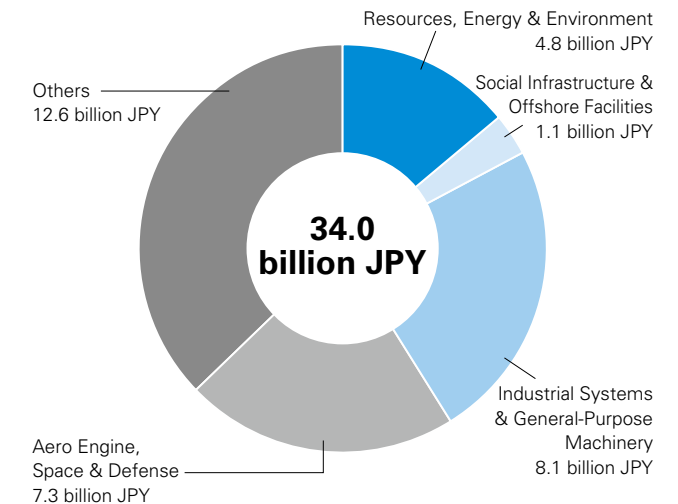
In the clean energy field, which is our development-focus business, ammonia is positioned to be a sustainable fuel that does not emit CO₂ when combusted. In order to stimulate its demand and build a value chain for it, we are proceeding with the development of a highly efficient ammonia-fired gas turbine. In 2022, we successfully demonstrated the world's first CO₂-free power generation (2MW class) using only liquid ammonia as fuel, thereby reducing greenhouse gases generated during combustion by 99%.

Within fields concerning resources, energy & environment, social infrastructure, and industrial systems & general-purpose machinery, which are our core businesses, we work on reducing CO₂ emissions and labor as well as automation on the basis of life-cycle businesses.

Changes Regarding Research and Development Expenses



Research and Development Expenses (FY2022, Breakdown by Business Areas)



Innovation Management

Achieving a Carbon-neutral World

Combined application of technologies is essential for the IHI Group to contribute to achieving carbon neutrality by 2050. Consequently, we are simultaneously developing a variety of technologies, including alternative fuels with no CO₂ emissions, carbon recycling, and energy management systems.

During the transition period toward carbon neutrality, it is also necessary to research and develop technologies for enhancing the efficiency of existing power generation plants and for reducing CO₂ emissions.

In addition, the IHI Group works to efficiently gather carbon data and convert it into an environmental value.

Ammonia as Carbon-neutral Fuel

The IHI Group has been developing technology for using ammonia not only as an inexpensive, safe hydrogen carrier but also as a carbon-neutral fuel with no CO₂ emissions during combustion. We plan to demonstrate ammonia firing at a commercial level for the first time in the world, and are steadily preparing toward this large-volume firing of fuel ammonia (20% of heating value). With our overseas partners, we are considering production of green ammonia derived from renewable energy.

The IHI Group's biomass power generation business has received contracts to refurbish many thermal power plants into plants for single-fuel firing of biomass power generation*¹. We are involved in every aspect of the biomass power generation from construction to operation and maintenance and support operations optimal for providing carbon-neutral power.

*¹ Single-fuel firing of biomass power generation refers to the use of only biomass fuel in thermal power generation plants. Unlike co-firing that uses biomass fuel partially with the main fossil fuel, single-fuel firing of biomass fuel is considered to have net-zero CO₂ emissions.

Carbon Recycling

The IHI Group is also promoting the development of carbon capture and utilization (CCU) technologies, which include the capture of CO₂ from exhaust gas of power plants or factories with the chemical absorption technique, the direct capture of CO₂ from air with the direct air capture (DAC) technology and the conversion of captured CO₂ into valuable products, such as methane used as fuel, lower olefin used as a raw chemical material, and SAF. We have commercialized methanation equipment, which produces combustible e-methane (synthetic methane) fuel through catalytic reaction between CO₂ emitted from plants and other facilities and hydrogen. It uses an originally developed catalyst that boasts one of the longest service life spans in the world. Methanation is a key technology for carbon neutrality because it enables the utilization of existing city gas infrastructures.

The IHI Group continues to investigate and develop SAF, which will help reduce CO₂ emissions from aero engines. Regarding the development of SAF synthesis technology, we are conducting joint research with the Institute of

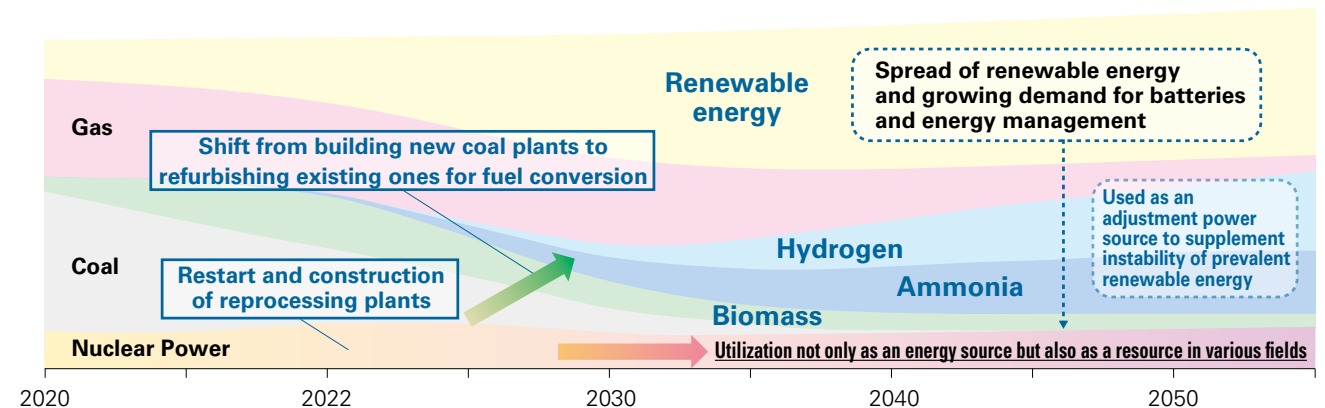
Sustainability for Chemicals, Energy and Environment (ISCE²)*². Based on the knowledge gathered during another ongoing joint development of lower olefin synthesis using CO₂ as a raw material, we have developed a catalyst with high performance in SAF synthesis by efficiently exploring and adjusting test conditions such as catalyst composition and reaction conditions using machine learning, which is a type of AI. This catalyst has achieved the world's top-level performance as an SAF synthesis catalyst that directly causes H₂ and CO₂ to react, recording a 26% yield of liquid hydrocarbons with five or more carbon atoms (C₅₊ yield), which are a raw material for SAF.

*² ISCE²: An affiliated research institute of the Agency for Science, Technology and Research (A*STAR) in Singapore

Energy Management Systems

The IHI Group is advancing the development of numerical models and algorithms by utilizing AI technologies to optimize the configuration and operation of energy systems.

Estimated Change in Proportion of Primary Energy Resources by 2050



Innovation Management

Structure

The IHI Group encourages rapid innovation through extensive collaboration with universities, research institutes, and customers.

As represented by the establishment of the IHI-ISCE² Sustainable Innovation Centre and IHI x Tohoku University Co-creation Research Center of Ammonia Value Chain for Carbon Neutrality, the IHI Group is collaborating with various partners to take advantage of each other's respective strengths and working to develop pioneering technologies.

In addition, we are seeking new technologies, joint research themes, and partners within Japan and overseas (North America, Europe, and Asia). For this purpose, we utilize the IHI Tsunagu Lab and the i-Base (Ignition Base) as hubs for open innovation where we put design thinking into practice toward rapid commercialization to cultivate new business opportunities for the IHI Group.

Education/Awareness Building

i-Base Initiatives

The IHI Group is working on a variety of projects at its innovation hub i-Base with the aim to achieve early commercialization of new ideas.

We focus on rapidly validating the concept of new ideas through short-term Proof of Concept (PoC), where we create a scenario for commercialization and analyze its value hypothesis. Based on the results, we concentrate resources on ideas with a high potential of success and advances research and development toward early commercialization.

We established a structure to promote the speedy creation of new businesses by incorporating design thinking, which helps understand problems from the user's perspective and create innovation, into business development and by modifying design thinking to be our new style of development suitable to our business model.

We provide training programs on design thinking throughout the IHI Group.

Developing human resources through the programs will help us create new value to meet the needs of our customers and society. This is how we advance the establishment of a system allowing us to continually create innovative ideas.

Initiatives

Main Public-Private Sector Initiatives

Direct Synthesis of CO₂-free Ammonia

The IHI Group participated in the New Energy and Industrial Technology Development Organization Feasibility Study Program on Energy and New Environmental Technology. Through this program, we aim to achieve technology that can directly synthesize CO₂-free ammonia from water and nitrogen. We are striving to build a carbon-free value chain by actively promoting the development of hydrogen and ammonia production and application technologies.

Utilization of Hydrogen

The IHI Group began supplying e-methane to vehicles for the first time in Japan, specifically to the Odekake Minibus, a community bus for senior citizens operated by Soma City in Fukushima. It is part of a smart community project conducted under the cooperation of Soma City with the goal of contributing to local production and consumption of photovoltaic power as well as regional promotion and development.

The e-methane that began being supplied to the bus is manufactured at the Soma IHI Green Energy Center using green hydrogen produced with electricity generated by a solar power generation facility. By supplying it to one of the Odekake Minibuses, from e-methane production to its use as vehicle fuel, we are conducting a series of demonstrations regarding this process.

Innovation Management

Industry–University Initiatives

Japan

The IHI Group established a joint research program with Yokohama National University at the Research Center for Artificial Intelligence in an effort to expand applications for AI technologies in various IHI products and services as well as on manufacturing sites. To promote ever-evolving development, we are also expanding the collaboration to foster specialists in AI technologies throughout the IHI Group.

In September 2022, we established IHI Corporation x Tohoku University Co-creation Research Center of Ammonia Value Chain for Carbon Neutrality in the Material Solutions Center at the Tohoku University. The center researches issues in creating an ammonia value chain from production, transport, and storage to consumption and their solutions to achieve a carbon-neutral society through the use of ammonia, which is a clean energy source that does not emit CO₂ during combustion.

North America

In North America, the IHI Group quickly gathers diverse information on new technologies and joint research subjects for carbon solutions, and on energy and environmental policy trends in North America by capitalizing on its relationships with the MIT Energy Initiative and MIT CEEPR as well as its network of venture capitalists and startup companies.

Asia

In Singapore, we conduct joint development with A*STAR across a wide range of fields, including our unique catalyst technology, to produce valuable products such as methane gas, lower olefin, and SAF from CO₂, next-generation transportation, and advanced manufacturing technologies.

Europe

In Europe, the IHI Group established the IHI Additive Manufacturing Lab in the United Kingdom as a site to advance the development of additive manufacturing technology. In addition, to promote the use of road mapping to design technology and business strategies, we belong to IfM Engage's Strategic Technology and Innovation Management Consortium.

Innovation Management

Intellectual Property

Approach/Policies

The IHI Group promotes intellectual property activities in an integrated manner with both its management policy-based business and technological strategies. The business environment surrounding us differs from division to division and from company to company. Consequently, there are individual needs for intellectual property activities. The Intellectual Property Department of IHI Corporation drafts a Basic Policy on IHI Group Intellectual Property every year. Individual divisions and affiliated companies refer to this policy to establish their own intellectual property policies tailored to their unique business, technology, and development environment.

The Basic Policy on IHI Group Intellectual Property in fiscal 2023 is currently focusing efforts on these three priority measures:

- (1) Intellectual property activities that contribute to growth and development-focus business expansion as well as furthering and advancing life-cycle businesses
- (2) Early detection and defense against intellectual property risks
- (3) Strengthening the intellectual property management system supporting business and improving intellectual property literacy

Intellectual Property Strategy

By utilizing intellectual property in our business activities to help solve social issues and increase customer value, we are working to achieve sustainable growth for the entire IHI Group. Regarding the Clean Energy Field listed as our development-focus businesses in the Group Management Policies 2023, the IHI Group is among the world's top companies in terms of the number of patent applications filed for ammonia combustion technology. As we continue filing

first-rate patents, we will continue intellectual property activities to also ensure superiority in fields other than combustion technology. In our growth business and core businesses as well, we use intellectual property information to formulate strategies to solve social issues.

Education/Awareness Building

Intellectual Property Education

Besides basic training programs regarding intellectual properties, the IHI Group provides education, according to purpose, covering how to read patent publications, patent search, copyright, trademarks, etc. From fiscal 2021, some mandatory courses have become optional so that only those who need those courses can take them. This change in system, despite the decrease in enrollment, has allowed learners to select courses according to their own needs and learn at their own pace. We will monitor the number of learners with this system and enhance human resources at an early stage. Furthermore, we disseminate information about intellectual property within the IHI Group to improve intellectual property understanding and awareness. We also invite various lecturers for special courses related to further developing the skills of those who play a key role in our intellectual property strategies.

Intellectual Property e-Learning Participants

(Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Step 1 (First-year employees)	167	187	94	45
Step 2 (Second-year employees)	154	166	77	34
Step 3 (Third-year employees)	246	154	62	28
Step 4 (Fourth-year employees)	281	235	65	26
Step 5 (Fifth-year employees)	249	271	66	23

Results

Number of Patent Acquisitions (Unit: Reports, Owner: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Number of patent acquisitions	1,094	819	711	608

Regional Comparison in Number of Patents

(Unit: Reports, Owner: IHI)

Item	FY2019	FY2020	FY2021	FY2022
National patents	4,150	3,867	3,866	3,989
Foreign patents	3,502	3,808	3,936	3,818
United States	724	747	817	856
Europe (excluding Turkey)	1,240	1,750	1,774	1,697
China	561	582	605	593
Korea	199	120	125	134
BRICs (excluding China)	142	125	120	69
Other	636	484	495	469

Initiatives

Protecting Intellectual Property

To protect intellectual property, the IHI Group decides whether to acquire rights through patent filings or to conceal this knowledge. We file necessary patent applications worldwide based on global business expansion. We carefully select countries to file patent applications through the forecasts in business and technology development.

We respect third-party intellectual property rights. We search activities of patent filings and patent acquisition of other companies to reduce business risks.

Information Security

Approach/Policies

The IHI Group has established the IHI Group Information Security Policy to ensure the protection of confidential information of customers and business partners as well as corporate management and technical information. We strive to properly manage information while maintaining and improving information security.

● IHI Group Information Security Policy

The IHI Group hereby sets the following IHI Group Information Security Policy for the purpose of ensuring the security of information assets in its possession and thereby further solidifying its trust-based relationship with customers, users and society.

(Basic Activities)

1. The IHI Group will take appropriate measures with technology, organization and employees, in order to protect information assets against any leakage, theft, loss, destruction, illegal access, and disaster. In the event of any security problem regarding this information, the IHI Group will locate the cause as quickly as possible, and exert every possible effort to minimize the damage incurred.

(Information Assets)

2. "Information assets" refer to the information the IHI Group handles in the course of business activities, regardless of the type of media, and the equipment, facilities and services necessary for handling such information.

(Scope)

3. This Information Security Policy applies to all those using the information assets of the IHI Group, including but not limited to officers and employees of the IHI Group companies and temporary staff.

(Compliance with Laws, Regulations, etc.)

4. The IHI Group will strictly observe the laws, regulations and codes pertaining to the protection of information assets, and the requirements and obligations regarding information security provided for in the agreements with the customers.

(Education)

5. The IHI Group companies will provide all those using the information assets of the IHI Group with the necessary education on information security to enhance and maintain their awareness thereof.

(Management of Information Security)

6. The IHI Group companies will establish a mechanism of implementing and managing information security by taking measures such as establishing rules concerning information security and appointing persons in charge of information management, thereby conducting, maintaining and improving information security activities on a continual basis.

(Responsibilities of Senior Management)

7. The Senior Management of the IHI Group will set the example of enforcing this Information Security Policy. In the event of any infringement of this Policy, senior management will address the situation properly by defining their authorities and responsibilities, and do their utmost to resolve the problems, diagnose their causes, and prevent their recurrence.

(Punishment)

8. Any action in violation of the rules of information security will incur punishment according to the employment regulations of IHI Group companies.

(Announcement)

9. This Information Security Policy will be announced and notified to all those using the information assets of the IHI Group as well as being announced to the public.

Information Security

Structure

The IHI Group has established an Information Security Promotion Framework, chaired by the Officer in charge of Group DX. The Information Security Subcommittee operates within the DX Promotion Committee as an organization in charge of promoting the company's information security activities overall. A General Manager is appointed at each IHI corporate division, business area, Business Unit, and affiliated company to accelerate activities under this framework.

● Information Security Activity Promotion Framework



● Information Security Subcommittee

Chairperson	General Manager of Intelligent Information Management Headquarters
Secretariat	Information Security Department of Intelligent Information Management Headquarters
Subcommittee members	Business areas, Business Units, and corporate divisions
Number of meetings convened in FY2022	3

Information Security Management System

The IHI Group convenes the Information Security Subcommittee three times a year to plan, implement, and evaluate information security measures in an annual cycle.

In fiscal 2019, we built a three-stage auditing framework for information security consisting of three types of audits by our own organizations, business areas, and corporate divisions from different auditors to strengthen checks ("C") in the PDCA cycle. Each organization (IHI divisions and affiliated companies) conducts its own internal audit, the corporate division executes documentation audits, and each business area, as the responsible division, implements on-site audits. From fiscal 2021 onwards, each business area has conducted audits of information security measures at all of the Business Units and affiliated companies under its supervision and has worked to improve any issues discovered.

Divisions and Group companies involved in highly sensitive national projects in the IHI Group must undergo annual reviews by an external specialized agency to renew the ISO 27001 international information security certification for maintaining a high level of security.

Measures to Prevent Information Leakage During Remote Work

Working remotely throughout the IHI Group as a measure to prevent the spread of the COVID-19 virus has gained traction as one of many work styles. However, working from home increases information security risks such as improper use, loss, or theft of information devices due to the higher number of information devices taken outside of the office.

To prevent the improper use of information devices, the IHI Group works to raise employee awareness through e-learning and internal newsletters covering security compliance rules for work done outside the office. These rules specifically prohibit personal use of work

computers and prohibit work data from being stored on personal IT devices of the individual and/or family.

We have been preparing computers for personal use that do not store business data that are dedicated for external use and require these computers to be used for any work conducted outside the office. The use of these computers reduces the risk of information leakage upon loss or theft of these devices.

Education/Awareness Building

Employee Education

The IHI Group provides e-learning to all employees on a yearly basis to deepen their understanding of information security rules and tools, and to maintain and raise information security awareness.

● Rate of Participation in e-Learning (Unit: %, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Rate of participation in e-learning	83.0	96.0	96.8	96.9

Results

Information Security Measures

The IHI Group takes steps to address information security risks from three perspectives: rules, tools, and education.

The rules include the IHI Group Information Security Policy, IHI Group Information Security Measure Standards, and Information System User Rules. We have adopted antivirus software and other security tools, which are always kept up to date.

Information Security

Evaluation of Information Security Measures

We assess the information security measures of the entire IHI Group quantitatively every year based on the benchmark for information security measures implemented by companies offered by the Information Technology Promotion Agency, Japan (IPA).

The level of information security measures in fiscal 2022 was 3.7 out of 5. We will strive to achieve a score of 4, and further continue to improve our level of information security in fiscal 2023.

● Evaluation of Information Security Measures

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

Item	FY2019	FY2020	FY2021	FY2022
Evaluation of information security measures (out of 5)	3.2	3.4	3.7	3.7

Materialize an Affluent Society

Human Rights	049
Labor Practice (Occupational Health and Safety)	055
Diversity, Equity, and Inclusion	062
Work-style and Operational Process Reforms	077
Customer Relationships	078
Supply Chain Management	080
Corporate Citizenship	082

Human Rights

Approach/Policies

The IHI Group formulated the IHI Group Human Rights Policy in December 2020 based on its management philosophy and its approach to human rights outlined in the Basic Code of Conduct for the IHI Group under the approval of the Board of Directors.

In IHI Group ESG Management, the Group has identified respecting human rights as one of its most material issues. Through human rights awareness activities based on international standards, the Group will fulfill its responsibility to respect human rights of all by fostering a respectful corporate culture and promoting human rights throughout its business activities.

● IHI Group Human Rights Policy

The IHI Group recognizes and contributes to solving global issues based on group management philosophies of “Contribute to the development of society through technology” and “Human resources are our single most valuable asset.” As the basis of this activity, we have established the “IHI Group Human Rights Policy” in line with the Basic Code of Conduct for the IHI Group. Through human rights awareness activities based on international standards, we will fulfill our responsibility to respect the human rights of all by fostering a respectful corporate culture and promoting human rights throughout our business activities.

(Scope)

1. This policy applies to all officers and employees engaged in IHI Group business (hereinafter “Officers and Employees”).
2. We will account for the Human Rights of all people in the course of our business activities.
3. We will request our suppliers and business partners to understand this policy and respect human rights.

(Compliance with international standards, laws and regulations, Basic Code, etc.)

1. We support and respect international standards for human rights (e.g. the Universal Declaration of Human Rights, the International Labour Organization’s Declaration on Fundamental Principles and Rights at Work, and the UN Guiding Principles on Business and Human Rights) and will act progressively in line with these standards.
2. In the countries and regions where we conduct our business, we will strive to respect international standards while upholding the laws and regulations of those countries or regions.
3. We always act in accordance with the Basic Code of Conduct for the IHI Group.

(Human rights awareness promotion structure and human rights due diligence)

1. We will establish a system to systematically and continuously promote human rights awareness and will work proactively to resolve human rights issues.
2. We will develop a structure to understand and assess human rights risks and to evaluate and improve the effectiveness of our commitment (human rights due diligence) and implement continuously.

3. When a potential or actual human rights risk is assessed or confirmed, we will promptly take corrective and preventive measures through appropriate procedures.

(Training)

We will provide our Officers and Employees with appropriate training continuously so that actions based on this policy will be implemented throughout our business activities.

(Dialogue and consultation, information disclosure)

1. We will maintain continuous dialogue and consultations with relevant stakeholders on the set of actions set forth in this policy.
2. We will periodically disclose information about our efforts and results on respect for human rights.

December 10, 2020

Hiroshi Ide

President and Chief Operating Officer
IHI Corporation

Human Rights

Structure

We established the IHI Group Human Rights Committee as a Group-wide committee responsible for the “S” part of the ESG Management Promotion Committee. The Committee plans and deliberates important policies and promotes initiatives related to human rights. The Committee is chaired by the Officer in charge of Human Resources and comprised of members from corporate divisions and business areas. Details of important initiatives are deliberated in the ESG Management Promotion Committee and reported to the Board of Directors as necessary.

We established a Task Team* under the IHI Group Human Rights Committee as the body to promote human rights initiatives in cooperation with related divisions and staff in charge of human rights at Group companies.

* Task Team: Comprised of members from the Human Resources Div., Procurement Strategy Planning Div., Corporate Communication Div., Project Risk Management Div., Corporate Planning Div., Legal Div., and Marketing & Sales Headquarters

● Human Rights Awareness Promotion Framework



● IHI Group Human Rights Committee

Chairperson	Officer in charge of Group Human Resources
Members	President of each business area, General Manager of Procurement Strategy Planning, General Manager of Technology & Intelligence Integration, General Manager of Business Development Headquarters, General Manager of Intelligent Information Management Headquarters, General Manager of Marketing & Sales Headquarters, General Manager of Secretariat Div., General Manager of Economic Security Div., General Manager of Corporate Planning Div., General Manager of Corporate Communication Div., General Manager of Legal Div., General Manager of Administration Div., General Manager of Finance & Accounting Div., General Manager of Project Risk Management Div., and General Manager of Human Resources Div.
Number of meetings convened in FY2022	3

Education/Awareness Building

Human rights is one of the four material issues of ESG management, and we are working to educate and spread awareness at each level.

(1) Grade-based education

In December 2022, we held an executive-level study session for Officers led by an outside specialist with the participation of Directors, Executive Officers, and Standing Audit & Supervisory Board Members. The study session was designed to create understanding of how companies are connected to stakeholders, especially civic society, and how this can benefit management.

Each year, e-learning training on the topics of respect for human rights and harassment prevention are also conducted for new employees and newly appointed Managers.

(2) E-learning conducted at Group companies inside and outside Japan

In fiscal 2022, we conducted the Business and Human Rights e-learning program (translated into 20 languages) for all IHI Group Officers and employees inside and outside Japan to have everyone who works at the IHI Group learn how to frame business and human rights and deepen their understanding.

(3) Messages from the President issued on international days

In fiscal 2022, the President issued messages to promote the importance of respect for human rights and gender equality to IHI Group employees inside and outside Japan on Human Rights Day (December 10, 2022) and on International Women’s Day (March 8, 2023).

● Number of Human Rights Training Participants

(Unit: People)

Item	FY2022	
	Participants	Targets
e-learning: Business and Human Rights	28,021	IHI and affiliated companies in and outside Japan
e-learning: Harassment	24,883	IHI and affiliated companies in Japan
Training for new employees and mid-career recruits	98	IHI
Selective human rights training	576	IHI
(Staff version)	108	
(Management version)	468	

Human Rights

Initiatives

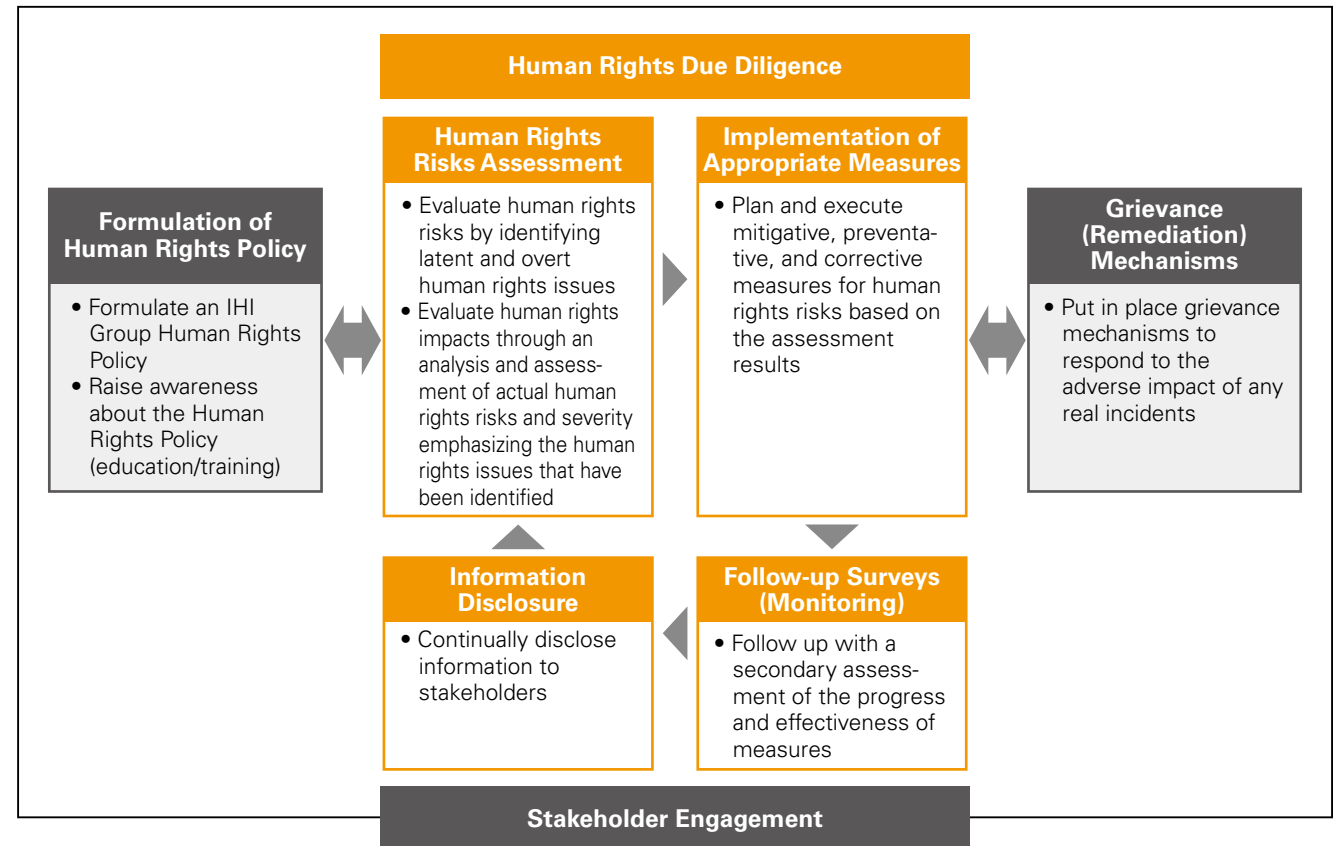
Human Rights Due Diligence

In order to fulfill our responsibility when it comes to respecting the human rights of those affected by our business activities, we promote the process of human rights due diligence and taking measures to respect human dignity in line with the United Nations' Guiding Principles on Business and Human Rights.

Human rights due diligence is an ongoing process of 1) conducting human rights impact assessments to analyze and evaluate the degree of impact of material human rights issues identified in human rights risk assessments, 2) incorporating appropriate risk mitigation measures into work policies and operational processes based on the results of these human rights risk assessments, 3) monitoring the status and results of implementing risk mitigation measures, and 4) publicly releasing their progress and results.

As we undertake the process of human rights due diligence, we emphasize continual stakeholder engagement during the entire process in order to understand the impact of our business activities on people's rights.

● Overall Human Rights Due Diligence



Human Rights

Human Rights Risk Assessments

In fiscal 2021, the IHI Group underwent a human rights risk assessment to identify potential and obvious human rights issues.

Based on the results of this assessment, over the three years from fiscal 2022 until fiscal 2024, the Group conducts human rights impact assessments that focus on any identified issues, analyzing and evaluating them to understand the current situation and their degree of impact.

● Approach to the 2021 Human Rights Risk Assessment

Step 1

The IHI Group carried out human rights risk assessments to identify any latent and overt risks in its business fields and expansion by domain, nation, and region. Extracted a broad range of risks using social, occupational health and safety, and environmental risk data provided by outside experts.

Step 2

The Group also conducted interview surveys with each business area, the Procurement Strategy Planning Division, Human Resources Division, Corporate Communication Division, and Project Risk Management Division on the progress of management in addressing extracted risks and confirmed actual status of business activities, employment status, supply chain, and other status and evaluated them.

Step 3

Based on the results of Step 1 and 2, the Group identified human rights issues to prioritize prevention and response as the IHI Group in cooperation with human rights experts.

● Material Human Rights Issues

Prohibition of forced labor

All labor that is forced under threat of punishment or for which the individual has not offered herself or himself voluntarily is prohibited.

Prohibition of child labor

Work by and employment of workers under the minimum age of statutory employment in the country or region in which the business operates is prohibited, and this labor is not used.

Guarantee of equal opportunity

Diversity and individuality are respected, and fairness and equal opportunity in job openings and employment, including in recruiting, promotions, remuneration, and training, is ensured.

Prohibition of discrimination and harassment

Unjust discrimination and harassment based on race, skin color, sex, religion, birthplace, beliefs, age, disability, sexual orientation, and sexual identity, and other attributes are not permitted.

Guarantee of safe workplaces ensuring the health of working people

The IHI Group strives to create and maintain safe and healthful workplaces so that people working in each workplace are able to demonstrate their abilities to the fullest extent.

Respect of the basic rights of working people

The IHI Group respects basic labor rights, including freedom of association and workers' right to organize and engage in collective bargaining. Payment of wages and management of labor hours are conducted appropriately.

Human Rights

Progress of Human Rights Impact Assessments

We began carrying out human rights impact assessments at IHI Group sites worldwide to understand the actual state of material human rights issues. An overview of the human rights impact assessment conducted in fiscal 2022 is as follows.

Target: 59 IHI Group affiliated companies outside Japan (Group companies thought to have relatively high risk in human rights risk assessments)

Assessment details: Survey (including interview surveys conducted remotely for some companies) using the IHI Group Human Rights Due Diligence Self-Assessment Questionnaire created while referencing the IHI Group Human Rights Policy structure and the UNGP as well as the UNGP reporting framework and items verified by ESG assessment organizations in human rights and labor sections

Identified issues: In companies' survey results, no serious human rights violations that would contravene standards required by international norms were found. However, the following three issues were observed and measures for each are being implemented.

- (1) General trends observed included insufficient development of grievance (remediation) mechanisms available to external stakeholders, a lack of dialogue with internal and external stakeholders, and a delay in initiatives concerning diversity, equity, and inclusion (DE&I) initiatives to ensure equal opportunity and treatment of employees. We are currently promoting Group-wide measures for these points.
- (2) At eight companies, we found that regulations regarding compliance with prohibitions on child labor, as well as occupational health and safety policies, were insufficient. The internal regulations and rules for this matter have been adjusted accordingly at each company.
- (3) Awareness of material human rights issues in the IHI Group among the employees in charge of human rights in each Group company was insufficient. To prompt

this understanding by staff at IHI Group companies inside and outside Japan, we are creating guidelines for material human rights issues (in Japanese, English, and Chinese) in fiscal 2023 and will conduct education at affiliated companies.

Equal Opportunity for All

Employee Human Rights

We are promoting diversity, equity, and inclusion (DE&I) based on the IHI Group Human Rights Policy, by respecting diversity and individuality and striving to ensure fair employment, fair labor practices, and equal opportunity as well as creating workplaces free of harassment.

We recognize the freedom of employees to unionize and work together as a labor union and union members. Our Group will never treat anyone involved in the union unfairly. We also engage in collective bargaining efforts in good faith, founded in mutual trust with the labor union.

P.62

Diversity, Equity, and Inclusion

No Tolerance for Discrimination and Harassment

Enhancement of Systems for Preventing Harassment

We have conducted awareness-building and educational activities to prevent harassment and have taken steps to create conditions that facilitate employees consulting the Company when there is a problem. Based on the groundwork we have created to allow the Company to learn of incidents of harassment, we have announced an IHI Group policy to IHI Group employees on strict measures to address incidents of power harassment.

Environmental and Human Rights Evaluations in New Business Investment

When participating in new business projects, as of fiscal 2023 we conduct environmental and human rights impact evaluations, encompassing climate change

countermeasures, waste, soil contamination, and biodiversity, using the ESG Checklist (Environment, Human Rights)*. For human rights violation risks, we conduct an internal review from the standpoints of ethnic minority and indigenous people's rights, prohibition of involuntary relocation of residents, and ensuring occupational health and safety at project sites. In investment and lending projects, we also verify the human rights promotion structure and human rights issues at the investee prior to any acquisition.

* ESG Checklist: The ESG Checklist was created while referencing the International Finance Corporation Performance Standards and the Japan Bank for International Cooperation Guidelines for Confirmation of Environmental and Social Considerations.

Participation in Third-party Initiatives for Human Rights

We have endorsed the Ten Principles of the United Nations Global Compact. As part of this, we have been participating as a member of the Global Compact Network Japan since 2022. We have deepened our understanding of respect for human rights, human rights due diligence, and various types of human rights education in related workshops.

In fiscal 2022, we participated in the B+HR Academy organized by the United Nations Development Programme. Members of the Human Rights Task Team were able to systematically learn about human rights due diligence through lectures by Japanese and international experts on human rights and group work with participating companies.

Human Rights

Survey on Foreign Technical Intern Trainees

In fiscal 2022, we conducted surveys for three affiliated companies that had a record of directly employing foreign technical intern trainees in the fiscal 2021 survey. We confirmed that one company had received foreign technical intern trainees. We will maintain appropriate working conditions through continuing to conduct regular surveys.

Labor Practice (Occupational Health and Safety)

Approach/Policies

The IHI Group considers ensuring health and safety as one of the foundations of its business activities and an extremely important human rights issue. Every month, IHI shares the progress of Group-wide occupational health and safety as well as health management with all Officers. We actively strive to build a work-friendly environment where all Group employees can reach their full potential. Our initiatives are undertaken according to the IHI Health and Safety Policy as a way to ensure a healthy and safe workplace for everyone who works with the IHI Group whether they are a Group or partner company employee.

● IHI Health and Safety Policy

Based on our management philosophy of “Contribute to the development of society through technology” and “Human resources are our single most valuable asset,” the IHI Group is committed to establishing a corporate culture that puts safety as the first priority. Specifically, based on the Basic Code of Conduct for the IHI Group, the following initiatives will be implemented to ensure a workplace environment in which all employees can work safely and in good health.

1. The “Five Safety Principles” will be taken as a principle shared throughout the Group and managers as well as all employees will engage in safety and health activities to prevent accidents.

[Five Safety Principles]

- Safety is our first priority
- Never do or let anyone else do anything dangerous
- Eliminate potential hazards
- Strictly follow the rules
- Make a real effort

2. We will endeavor to prepare facilities and provide opportunities to promote and maintain the mental and physical health of our employees, and create ideal workplaces in which employees can work in good health.

3. While complying with relevant laws and regulations on safety and health, we will give full consideration to how our business activities affect local communities and endeavor to ensure safety and health as a member of society.

Labor Practice (Occupational Health and Safety)

● IHI Group Health Management Declaration

The IHI Group will implement management that values the health of employees based on the management philosophy of “Human resources are our single most valuable asset.”

We will support the proactive improvement of employee health and aim to energize the organization by maximizing employee vitality and capabilities.

By doing this, we will contribute to the development of society through the growth of the IHI Group.

July 1, 2020

Hiroshi Ide

President and Chief Operating Officer

IHI Corporation

Specific Initiatives

The IHI Group will work on both corporate health management and work-style reforms.

We will actively cooperate with labor unions and health insurance associations to spearhead the key measures below.

IHI asks every employee to strive to better their own health and take part in building an enthusiastic working environment.

1. Reduce individual and organizational health risks.
 - (i) Enforcement of working conditions according to the results of medical checkups.
 - (ii) Ensure the implementation of reactive mental health care measures.
(Improve the working environment through stress checks and a clear response to illnesses.)
 - (iii) Encourage employees to stop smoking and prevent second-hand smoking.
2. Improve individual and organizational health to invigorate the working environment.
 - (i) Assist each person to actively manage their own health.
 - (ii) Proactively implement active mental health care measures.
(Build a working environment where enthusiasm and professional growth is felt so that everyone cultivates an enduring spirit.)
3. Promote better health for both employees and their families.
 - (i) Expand activities to better health of employees and their families.
 - (ii) Increase employee participation in medical checkups and health guidance.

Structure

● Occupational Health and Safety Structure



● IHI Group Health and Safety Committee

Chairperson	Officer in charge of Health and Safety
Deputy Chairperson	President of Social Infrastructure & Offshore Facilities Business Area and President of Industrial Systems & General-Purpose Machinery Business Area
Members	President of Resources, Energy & Environment Business Area, President of Aero Engine, Space & Defense Business Area, General Manager of Technology & Intelligence Integration, Chief Occupational Health Physician, and other persons nominated by the chairperson
Secretariat	Human Resources Division
Number of meetings convened in FY2022	2

Workers Protected Under IHI's Occupational Health and Safety Management System

The IHI Group has established standards laid out in both the occupational health and safety management system at works and research facilities and the occupational health and safety management system at construction sites.

These standards apply to all Group works, research facilities, and construction sites, and extend to all workers at these sites, including Group employees and partner company employees.

Labor Practice (Occupational Health and Safety)

Education/Awareness Building

Employee Training and Education

The IHI Group provides education on health and safety specific to each position to everyone from new employees to management.

Works division employees undergo Supervisor Safety Training (SST) to learn about health and safety when promoted to assistant foreman or foreman.

Design and development employees on construction sites undergo Construction Safety Standard Training (CSST) to learn the ins and outs of construction health and safety as new and senior employees or group leaders and management.

Employees who are candidates for construction site director or supervisor undergo Site Manager Safety Training (SMST) to learn about on-site health and safety. We also provide follow-up training thereafter to expand knowledge about health and safety.

The IHI Group also cultivates trainers for the SST, CSST, and SMST programs as a Group.

In addition, the Health and Safety Committee constantly reflects feedback from employees based on standards laid out in the occupational health and safety management system at works and research facilities.

● IHI Group Health and Safety Training System Construction Divisions

Eligible Participants	New employees	Training upon entry on new construction sites	Construction supervisors and test driving coordinators instructing operators	Small-scale construction site and service construction managers	Health and Safety Officer Head office Health and Safety Manager On-site Health and Safety Manager
Details	New Employee Training	CSST Training	Supervisor Training (SVST Training)	Site Manager Training (SMST I)	Site Manager Training (SMST II)

Works Divisions

Eligible Participants	New employees	Work safety leaders, acting assistant foremen, etc.	Upon appointment as an assistant foreman	Upon appointment as a foreman	Upon appointment as a plant manager
Details	New Employee Training	SST-1	SST-2	SST-3	New Manager Training

Note: CSST stands for Construction Safety Standard Training.
SMST stands for Site Manager Safety Training.
SST stands for Supervisor Safety Training.

● Training Participants

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

Item	FY2019	FY2020	FY2021	FY2022
Foreman Training	48	50	27	33
Assistant Foreman Training	103	90	82	83
Supervisor Safety Training (SVST)	—	—	—	268
Site Manager Safety Training-I (SMST-I)	169	125	69	56
Supervisor Safety Training (SST)	—	—	—	275
SST Trainer Course and SMST Trainer Course	18	—	14	27

* Training in fiscal 2020 was not conducted due to the effects of the COVID-19 pandemic.

Labor Practice (Occupational Health and Safety)

Targets and Results

Occupational Accidents

● Occupational Accidents*1

(Unit: Incidents (figure inside parentheses indicates fatal incidents), Scope: IHI and 31 affiliated companies)

Item	FY2019	FY2020	FY2021	FY2022
Total	71(0)	38(0)	52(1)	56(0)
Employees	42(0)	18(0)	31(1)	25(0)
Temporary employees	4(0)	1(0)	3(0)	4(0)
Partners	25(0)	19(0)	18(0)	27(0)
Minor incidents	—	—	—	—

*1 Fatalities caused by occupational accidents.

● Total Injuries Frequency Rate*2

(Scope: IHI and 31 affiliated companies)

Item	FY2019	FY2020	FY2021	FY2022
Total injuries frequency rate	1.49	0.87	1.23	1.37

*2 Fatalities or injuries caused by occupational accidents per million working hours

● Lost Time Injuries Frequency Rate*3

(Scope: IHI and 31 affiliated companies)

Item	FY2019	FY2020	FY2021	FY2022
IHI Group average	0.40	0.28	0.38	0.39
National average in manufacturing industry*4	1.20	1.21	1.31	1.25

*3 Fatalities or injuries caused by occupational accidents per million working hours (excluding injuries with no time lost).

*4 Scope: Business sites with at least 100 people (sample survey).

Occupational Health and Safety

● Occupational Health and Safety Rate

Item	FY2019	FY2020	FY2021	FY2022
Works divisions	Target	—	Under 0.7	Under 0.6
	Result	1.17	0.62	0.95
Construction divisions	Target	—	Under 1.2	Under 1.2
	Result	2.11	1.31	1.75

● Severity Rate of Occupational Health and Safety

Item	FY2019	FY2020	FY2021	FY2022
IHI Group average	0.01	0.01	0.18	0.01

● Health Management

(Scope: IHI and 35 affiliated companies)

Item	FY2019	FY2020	FY2021	FY2022
Participation rate of medical checkups	—	—	97%	96%
Rate of diagnoses made as a result of medical checkups	71%	72%	71%	72%
Participation rate of stress checks	94%	95%	95%	97%
High stress rate	—	—	9%	9%
Absenteeism (Ratio of employees who take three or more months of leave)	1.0%	0.8%	0.7%	1.3%
Presenteeism (Ratio of employees with restricted hours)	1.6%	2.1%	1.8%	1.7%
Smoking rate	27%	27%	28%	25%

● Rate of Occupational Diseases*5

(Unit: Incidents, Scope: IHI and 31 affiliated companies)

Item	FY2019	FY2020	FY2021	FY2022
Rate of occupational diseases	0.165	0.15	0.118	0.098
Deaths due to occupational diseases or illnesses	—	0	0	0

*5 People suffering from occupational diseases per million working hours.

Labor Practice (Occupational Health and Safety)

Initiatives

Health and Safety Management

The IHI Group is committed to eradicating occupational accidents through Five Safety Principles that act as a Group-wide code of conduct.

We assess risk at our works and construction sites to identify and mitigate potential hazards through strict verifiable countermeasures. We conduct regular health and safety training for all of our employees to eradicate occupational accidents. In addition, we give support to business partners at works and construction sites to improve health and safety management in a cooperative effort to ensure safe working environments.

We carry out these health and safety initiatives as part of the occupational health and safety management system.

Activities to Reduce the Risk of Occupational Accidents

The IHI Group promotes health and safety activities upon defining occupational health and safety policies, targets, and plans according to the standards set as part of our occupational health and safety management system. Our annual occupational health and safety management evaluations also drive improvements to eradicate occupational accidents.

We define items requiring our attention as well by identifying dangers and hazards related to machinery, facility, chemicals, and other such factors in order to reduce and eliminate them.

We rolled out the IHI Group Basic Safety Principles for the six most common types of occupational accident in fiscal 2020 and are focusing on eradicating these occupational accidents throughout the entire IHI Group.

FY2023 IHI Group Health & Safety Management Priority Policy

Based on our belief that all accidents are preventable, we aim to achieve zero accidents with the participation of all employees.

(1) Work on communication regarding health and safety management (instructions, messages, confirmations, etc.)

Strengthen mutual understanding through thorough direct communication and two-way communication

(2) Eliminate accidents that fall under the Group's Basic Safety Principles

Fully enforce the Group's Basic Safety Principles to eliminate accidents that fall under them (In particular, eliminate accidents that involve getting stuck when handling machinery, equipment, or heavy objects)

(3) Improve risk perception

- Increase risk awareness and prediction level through the promotion of risk prediction meetings that are set up on the initiative of workers
- Increase risk perception by enhancing education (risk experience education, utilization of VR, etc.)

(4) Enhance safety management systems in the construction sector in particular

- (1) Carry out thorough discussions in advance, such as pre-construction meetings, (2) enhance on-site guidance and support by supervisors from the main office or branch offices, (3) strengthen relations with partner companies, and (4) identify, visualize, and intensively manage unskilled workers
- Actively use ICT for implementing the policies above to increase the effectiveness and efficiency of measures
 - Conduct and utilize risk awareness and fact-finding surveys as well as safety audits to gain insight into how far the policies have spread and disseminated, and improve them

IHI Group Basic Safety Principles

1. Falls from high places
2. Falls from medium and low places
3. Pinching or entanglement in machinery or devices
4. Pinching when handling heavy objects
5. Accidents when using hand tools
6. Accidents when using grinders

Due Diligence to Occupational Health and Safety during Projects

Concerning project execution, the IHI Group strives to identify and evaluate occupational health and safety risks in advance and take any necessary steps to reduce them. Moreover we carry out safety measures, which include IHI Group Basic Safety Principles, with our business partners.

Labor Practice (Occupational Health and Safety)

Investigation Procedures and Observations in the Event of an Occupational Accident

The IHI Group assesses and analyzes factors of any occupational accidents through Group-wide disaster investigation procedures. The use of standardized accident report formats allows for swift sharing of information about an accident in the Group.

An analysis and evaluation of the accident information collected helps put in place measures to prevent any recurrence of the same or similar accidents throughout the Group.

Health Management

The IHI Group believes greater employee well-being* helps improve individual productivity and invigorate their workplaces. That is why we strive for both physical and mental health management.

Our mental health education takes both reactive approaches, such as detailed follow-up with individuals suffering from mental illness, programs to help employees return to work, and reintegration programs, as well as active approaches, such as education to teach mental toughness to improve motivation and performance. These educational programs aim to build an enthusiastic workplace for everyone, from new employees to senior management.

We also provide additional health measures to improve lifestyle habits and prevent metabolic syndrome, smoking, and other such lifestyle illnesses and issues in addition to the spread of COVID-19.

* Well-being: condition where body and mind are healthy, a person is able to work in a lively manner, and both employees and organization are full of vitality

● FY2023 IHI Group Health Care Priority Policy

Carry out both offensive and defensive measures to improve each individual's energy and create a workplace where everyone can feel the joy of working from the perspective of physical and mental well-being, which is the foundation for everything.

(1) Offense measures: Improve the energy of individuals and the organization

- Hold workshops and events for health, which forms the basis for participation and activity.
Theme: The effect that sleep, nutrition, exercise, etc., have on energy
- Well-being activities held at each workplace (creating a workplace utilizing health surveys, etc.)
- Hold programs that increase the engagement of management

(2) Defense measures: Establish a system that can promptly address physical and mental illness stemming from a change of environment

- Expand a revised program that further increases coverage inside the Group and supports early response, early recovery, and second chances.

Activities to Promote Health Management

The IHI Group is working on activities that improve the well-being of our Group employees and the organization in order for outlined in Project Change toward overcoming operating environment changes to drive value creation. In fiscal 2022, we selected workplaces for well-being improvement and promoting activities to improve the workplace with a focus on management and communication.

Topics Covered Under the Main Dialogue Between Employee Representatives and Management on Health and Safety

The IHI Group convenes the Central Health and Safety Committee every year to engage in a labor-management dialogue about employee health and safety.

Labor Practice (Occupational Health and Safety)

Health Management of Employees Involved in the Nuclear Power Business

The IHI Group has an established set of Radiation Control Standards for preventing radiation hazard to our employees. Based on these standards, we regulate the exposure of all IHI Group employees and partner company employees engaged in radiation work at nuclear power sites to evaluate radiation damage caused by exposure (exposure dose control).

These standards are stricter than the radiation protection regulations and guidelines issued by the Japan Ministry of Health, Labour and Welfare, which we use to manage exposure doses in order to promote good mental and physical health. Furthermore, IHI's industrial physicians provide health checkups along with health advice.

Management Resilience Program

The IHI Group started a Resilience Program for its management beginning in fiscal 2021. Our industrial physicians give lectures throughout the year covering four topics where workers learn about the body (sleep, exercise, and nutrition), emotion, consideration, and spirituality and put them into practice.

The purpose of this program is not only to maintain and improve physical strength, but through these initiatives, to further build an individual and organizational vitality and strengthen cooperation among Officers. By making changes within the management class that leads our organization, we will continue making efforts to improve the health of the organization as a whole by striving for the happiness of our employees and improving the organization's corporate value.

Preventing the Spread of COVID-19

Diversity, Equity, and Inclusion

Human Resource Management

Approach/Policies

At the IHI Group, we recruit and train human resources as our most vital management resource. Our management philosophy ensures that we contribute to the development of society through technology and states that human resources are our single most valuable asset. We strive to realize a healthy, safe, work-friendly environment where everyone respects one another and prospers.

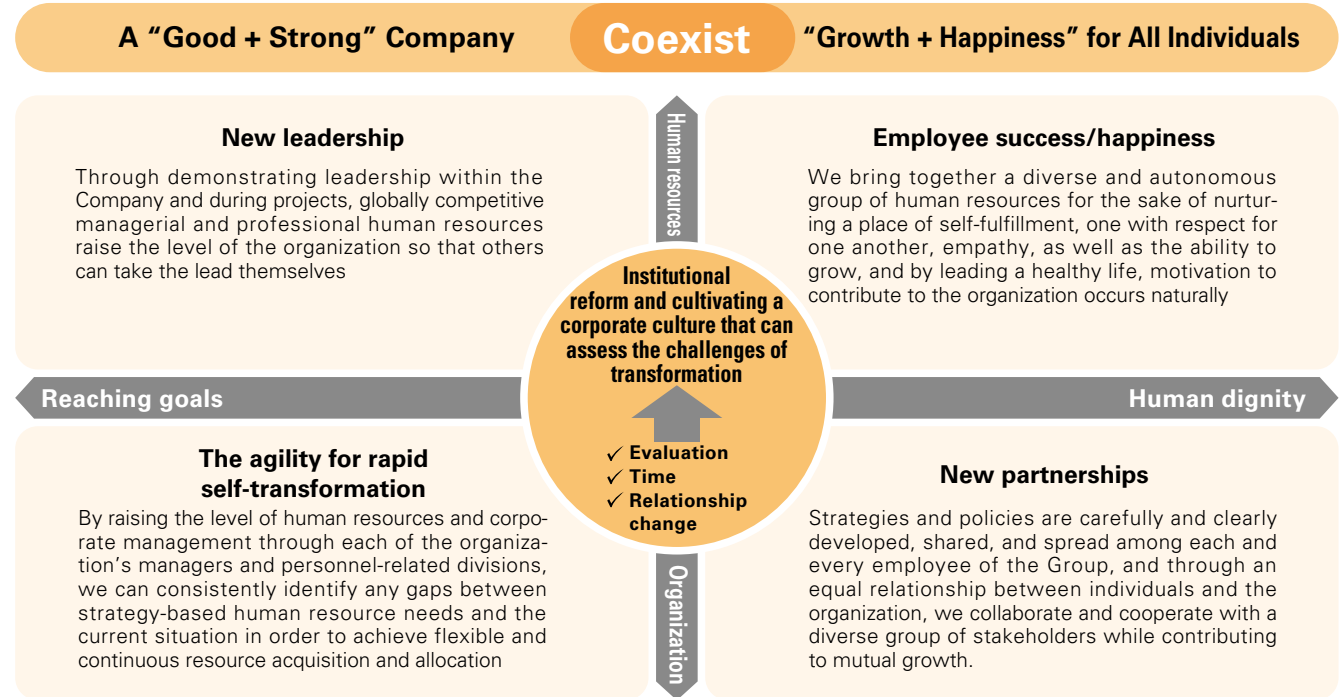
Group Human Resource Strategy 2023

In May 2023, we announced the Group Human Resource Strategy 2023 in connection with the Group Management Policies 2023.

To accomplish this management policy, the Group Human Resource Strategy 2023 has outlined the Group's future vision to become a "Good + Strong" company as well as one realizing "Growth + Happiness" for all individuals. We are reforming our evaluation system and accordingly cultivating a corporate culture that can assess the challenges of creating change, drawing on four ideals of "new leadership," "ability for rapid self-transformation," "employee success/happiness," and "new partnerships" to achieve this.

From fiscal 2023 we have begun holding workshops for all Group employees in order to spread the goals of both the Group Management Policies 2023 and the Group Human Resource Strategy 2023.

● Group Human Resource Strategy 2023: Looking Toward the Future



Education/Awareness Building

Global Standardization of the Human Resource Management Policy

We are using our education program for new employees and various other education and training opportunities to build awareness for the Human Resource Management Policy among all Group employees in Japan and overseas. More specifically, we have created a video in which employees from around the world discuss ideal human resource attributes during an online meeting. This video is widely used for educational purposes and recruitment activities.

● Human Resource Management Policy

Ideal Human Resources	Keyword
Integrity and Trust	Group
For Customers and Society	
Innovation and Creation	Global
Teamwork	Diversity
World-class Professionals	

Diversity, Equity, and Inclusion

Results

Number of Employees

● Number of Group Employees (Unit: People, Scope: IHI and consolidated subsidiaries)

Item	FY2019	FY2020	FY2021	FY2022
Consolidated number of employees	28,964	29,149	28,801	28,486
Number of IHI employees	7,741	7,796	7,779	7,768
Male	6,730	6,766	6,727	6,695
Female	1,011	1,030	1,052	1,073
Ratio of female employees	13.1%	13.2%	13.5%	13.8%

● Number of Employees by Region (Unit: People, Scope: IHI and consolidated subsidiaries)

Item	FY2019	FY2020	FY2021	FY2022
Japan	21,700	21,778	21,390	21,266
Asia Pacific	4,141	4,132	4,053	3,902
Americas	1,292	1,122	1,291	1,406
Europe, Middle East, and Africa	1,831	2,117	2,067	1,912

● Number of Employees by Business Area (Unit: People, Scope: IHI and consolidated subsidiaries)

Item	FY2019	FY2020	FY2021	FY2022
Resources, Energy & Environment	6,812	6,595	6,514	6,626
Social Infrastructure & Offshore Facilities	2,399	2,469	2,443	2,344
Industrial Systems & General-Purpose Machinery	10,079	10,028	9,797	9,645
Aero Engine, Space & Defense	6,684	6,765	7,062	7,010
Others	2,014	2,320	1,945	1,802
Entire company (common)	976	972	1,040	1,059

● Number of Employees by Age (Male/Female)

(Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Under 30	1,612	1,520	1,401	1,452
Male	—	—	—	1,261
Female	—	—	—	191
30 to 39	2,198	2,313	2,327	2,341
Male	—	—	—	2,035
Female	—	—	—	306
40 to 49	2,119	2,078	2,086	2,090
Male	—	—	—	1,745
Female	—	—	—	345
50 to 59	1,462	1,575	1,687	1,664
Male	—	—	—	1,445
Female	—	—	—	219
60 and over	350	310	278	221
Male	—	—	—	209
Female	—	—	—	12

● Number and Ratio of Employees from Abroad*1

(Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Number of employees	81	82	74	66
Ratio of employees from abroad	1.0%	0.9%	0.9%	0.8%

*1 As of April 1 each year.

Diversity, Equity, and Inclusion

● Number of Employees by Employment Status

(Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Regular employees	7,410	7,447	7,400	7,358
Male	6,438	6,456	6,397	6,339
Female	972	991	1,003	1,019
Ratio of female employees	13.1%	13.3%	13.6%	13.8%
Re-hires	88	93	109	127
Male	88	92	108	124
Female	0	1	1	3
Ratio of female employees	0.0%	1.1%	0.9%	2.4%
Second by other companies	243	256	270	283
Male	204	218	222	232
Female	39	38	48	51
Ratio of female employees	16.0%	14.8%	17.8%	18.0%
Advisors and contract employees	91	107	102	117
Male	86	102	97	109
Female	5	5	5	8
Ratio of female employees	5.5%	4.7%	4.9%	6.8%
Part-time employees	496	476	453	436
Male	90	85	81	77
Female	406	391	372	359
Ratio of female employees	81.9%	82.1%	82.1%	82.3%
Fixed-term employees	101	81	35	15
Male	85	64	24	9
Female	16	17	11	6
Ratio of female employees	15.8%	21.0%	31.4%	40.0%
Temporary employees	1,330	956	986	998
Male	1,046	753	788	780
Female	284	203	198	218
Ratio of female employees	21.4%	21.2%	20.1%	21.8%

● Average Years of Service

(Unit: Year, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
All employees	15.8	15.1	16.3	16.7
Male	16.0	15.3	16.5	16.9
Female	14.5	14.2	15.5	15.8

Turnover

● Turnover Rate

(Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022	
Total turnover rate	3.5%	2.9%	3.1%	2.7%	
Rate of resignation due to personal reasons	2.0%	1.1%	1.6%	1.5%	
Rate of resignation due to personal reasons by age	Under 30	4.9%	3.1%	3.9%	3.7%
	30 to 39	2.3%	1.2%	2.5%	1.9%
	40 to 49	0.8%	0.3%	0.5%	0.5%
	50 to 59	2.3%	2.2%	2.4%	0.1%
60 and over	26.0%	34.8%	37.6%	26.4%	
Turnover rate within 3 years of joining the Company	6.8%	4.3%	3.4%	5.5%	

● Turnover During 1 Year (Total Persons, Male/Female)

(Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Total turnover	271	224	248	203
Male	232	207	232	175
Female	39	17	16	28

Diversity, Equity, and Inclusion

● Employees Union Membership Rate (Scope: IHI and affiliated companies in Japan)

Item	FY2019	FY2020	FY2021	FY2022
Employees union membership rate	58%	58%	59%	60%

Engagement

● Number of Labor Complaints Received (Unit: Reports, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Number of labor complaints received	0	0	0	0

* To quickly and fairly respond to labor complaints from employees, IHI established a committee in accordance with labor agreements.

● Ratio of Answered Employee-awareness Surveys (Scope: IHI and affiliated companies)

Item	FY2019	FY2020	FY2021	FY2022
Ratio of answered employee-awareness surveys	91.4%	88.0%	88.0%	84.0%

Initiatives

In order to achieve the Group Human Resource Strategy 2023, the IHI Group is focusing on reforming its evaluation and treatment of human resources and corporate culture, which form the basis of its human resource strategies and measures.

Revisions to the Human Resource Compensation and Benefits Policy

We have created uniform IHI Group conduct standards and evaluation items, including encouragement for enterprising efforts and prompt customer service, and are implementing them globally. Along with this, we are revising these again to link evaluations with employee training and treatment. This is because in order to achieve our transformation, we need to mobilize diverse individuals, teams, and organizations to take real action. Specifically, we have constrained the conventional evaluation elements based on ability and introduced human resource compensation and benefits based on position and role that incorporates market value. We are including value criteria that focus on ESG and well-being into evaluation items in stages, starting with remuneration for Officers.

Fair and Equal Treatment

Aiming to be both a “Good + Strong” company and realize “Growth + Happiness” for all individuals, the IHI Group strives for fair and equal treatment of its employees based on a human resource strategy which focuses on encouraging employees to make efforts toward transformation. A compensation and benefits system that complies with amended legislation is also applied to irregular employees. In addition, we implement various initiatives to increase their motivation, including providing necessary educational opportunities and special time off based on standards for regular employees as well as a program for converting to regular employment.

Employee Benefits Programs

Our employee benefits programs provide a variety of options that employees can choose from as a way of supporting their needs, including basic benefits such as residential and financial support and support for balancing work and childcare, nursing care, and medical care, as well as education, recreation, and other options.

Employee-awareness Surveys

The IHI Group conducts employee-awareness surveys targeting employees in Japan and overseas once a year to grasp the status of the employee engagement. We use this survey to visualize the state of the organization and clarify our strengths and challenges, and then conduct analyses. Together with the new Group Management Policies 2023 and the Group Human Resource Strategy 2023 established this fiscal year, we will plan and execute the necessary measures to improve employee engagement by deploying the PDCA cycle.

Diversity, Equity, and Inclusion

Human Resource Development

Approach/Policies

We place cultivating ideal human resource attributes as the pillar of human resource development and create educational programs, educational curriculum, and training plans for individuals in workplaces, including on-the-job training.

In addition to the human resource development measures taken to date, we are implementing the following three priority measures in fiscal 2023 based on our Group Human Resource Strategy 2023.

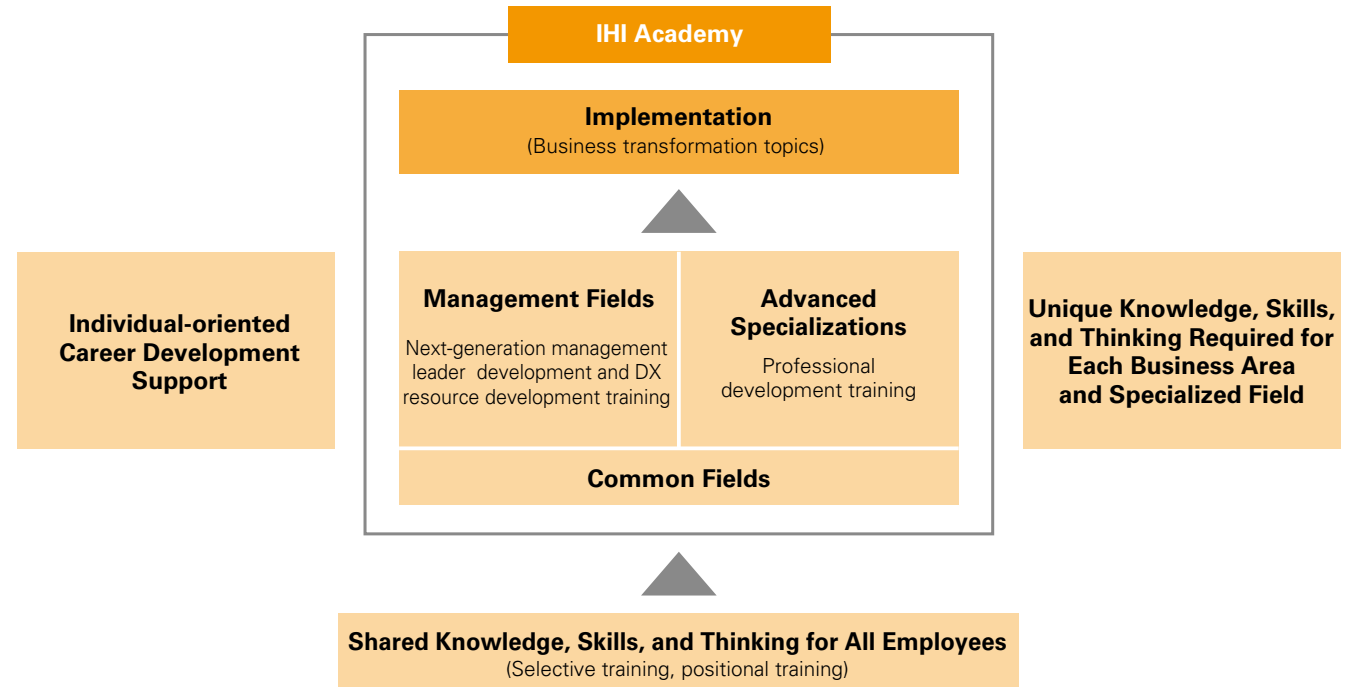
(1) Management of atypical human resources and training to recruit and retain transformational human resources and bring in expertise internally.

(2) Encouragement of independent career development and establishment of a reskilling program to achieve a bold and lasting resource shift.

(3) Establishment of a human resource development scheme built around new uniform evaluation and conduct standards to reform evaluation and conduct standards and our organizational culture.

P.62 **Human Resource Management**

● Overall Image of Human Resource Development



Diversity, Equity, and Inclusion

Results

● Number of Employees Undergoing Regular Career Development Reviews (By Male/Female)

(Scope: IHI and affiliated companies in Japan)

Item	FY2019	FY2020	FY2021	FY2022
Total	—	—	—	15,327
Male	—	—	—	13,024
Female	—	—	—	2,303

Education Results

● Participants in Main Training Courses and Number of Training Hours, Training Hours per Employee

(Scope: IHI and affiliated companies in Japan)

Item	FY2019	FY2020	FY2021	FY2022
Management Development				
Participants (total)	94	134	132	118
Training hours	7,683	11,550	13,992	10,525
Professional Development				
Participants (total)	129	227	275	249
Training hours	4,037	6,988	8,443	7,615
Stratified Training				
Participants	3,276	1,882	672	795
Training hours	106,208	34,672	24,028	25,960
Selective Training Courses				
Participants (total)	3,343	1,948	17,430	37,057
Training hours	25,073	16,358	49,648	88,822
Company-designated Courses				
Participants (total)	—	—	253,716	282,415
Training hours	—	—	188,927	170,164
Average Annual Training Hours per Employee				
Training hours	19.8	13.3	12.1	14.3

*1 Due to the COVID-19 pandemic we refrained from conducting any programs during the first half of fiscal 2020, and as a result of only making them available during the latter half, the number of participants declined compared to the previous fiscal years.

*2 Due to reforms to the Group Human Resource Development Program in fiscal 2021, the number of participants and hours of each training course fluctuated compared to past years.

*3 Stratified training in fiscal 2022 includes training conducted for new employee supporters (former instructors).

*4 New management development and professional development programs were added in fiscal 2022. These programs are not included in the average annual training hours per employee for fiscal 2019 to 2021.

● Training Expense per Employee

(Scope: IHI and affiliated companies in Japan)

Item	FY2019	FY2020	FY2021	FY2022
Total	—	—	—	23,512 JPY

● Employees Certified as Master Artisans

(Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Number of employees certified	41	39	41	41
Soma	8	8	12	12
Mizuho	11	13	13	10
Tomioka	4	3	2	1
Yokohama	7	6	4	9
Aioi	4	3	3	3
Kure	7	6	7	6

* The Takumi (Master Artisans) Certification Program was renamed to the Master Artisans Program in fiscal 2019 to certify a larger number of candidates.

Diversity, Equity, and Inclusion

Initiatives

IHI Academy

We launched the IHI Academy in April 2023. Here, we provide training and skills enhancement for Senior Managers and specialist human resources that are active globally and lead IHI Group transformation. In addition to standard recommendations coming from divisions, IHI Academy also accepts applications from ambitious human resources to expand opportunities for participation. We are also augmenting the training program with a focus on real-world implementation.

Human Resource Development Program

We are building educational programs to support each employee to shape their career, accelerate their growth, and foster ongoing learning. At the core of our educational programs are the Career Development Support Program and Voluntary/Independent Selective Training. Through these programs, we will create conditions that foster ongoing independent learning and support employees to expand the possibilities for playing an active role at work.

Initiatives to Develop Diverse Human Resources

We have developed shared Group educational programs that enable the growth and active participation of diverse human resources, from training programs that develop human resources into globally active Senior Managers and specialists leading our transformation to new employee training (new graduates/mid-career recruits) and stratified trainings for new key and managerial employees as well as assistant foremen.

In our global human resource development programs, employees strategically build up experience at overseas production plants and in major projects as well as take courses to acquire global communication skills and gain cross-cultural competency before taking a post overseas.

Human Resource Development Program

(As of April 24, 2023)

IHI Group Education and Training Programs		Elective Training	Selective Training	Stratified Training	Global Human Resource Development Training	Diversity, Equity, and Inclusion (DE&I)	
	IHI Academy						
	Management/DX Field	Professional Field	Selective Training	Career-based Training	Stratified Training	Global Human Resource Development Training	Diversity, Equity, and Inclusion (DE&I)
Managers	Practical Implementation (Business Transformation Issues) Next-Generation Management Leader Training DX Human Resource Development Training Professional Development Training		Technical Skills (Specialist Courses) Business Skills Mental Fitness and Liberal Arts	Career Management Training Career Design Seminar (By Stage of Career)		Global Communication Skills and Cultural Competency Global Human Resource Training (Overseas Assignments, etc.)	DE&I Training (Human Rights Awareness, DE&I Understanding, Harassment Prevention, Work-Life Balance Support) External Training and Cross-Industry Exchanges
Workplace Leaders	Shared Areas				New Manager Training		
Senior Employees					Foreman Training Assistant Foreman Training		
Junior Employees			Approx. 400 Courses Designated and Recommended by Corporate Divisions		New Employee Training Supporter Training		

Diversity, Equity, and Inclusion

Voluntary/Independent Selective Training

We have been building Voluntary/Independent Selective Training programs since fiscal 2021 as a framework for employees to choose and learn various subjects anytime, anywhere according to their career plan.

This training system provides around 400 different in-house technical, business, communication skill, and mental fitness courses designed to help employees consider and take the initiative to gain the knowledge and skills necessary to achieve their career plan.

Relearning

We are expanding training programs for reskilling to proactively have employees acquire the knowledge and skills necessary to adapt to changes in the business environment and technological innovation.

As human resources are increasingly being shifted and optimally assigned to positions, we offer support programs to enable employees whose work duties have changed to quickly play an active role.

Passing Down Skills to Others

IHI strives to pass down welding, machining, and other core skills at each plant, which are the foundation of our manufacturing expertise. Many of our employees are experts in each of these fields. IHI has introduced a master artisan program to encourage employees certified as master artisans to pass on their skills to new up-and-comers.

IHI Human Resources Development & Communication Center

The I-STEP Shonan IHI Human Resources Development & Communication Center (Yokosuka City, Kanagawa) holds training and various meetings for Group employees from around the world.

The Center is a base that promotes active communication and learning and where IHI Group colleagues from each corner of the globe can come together to share our corporate philosophy and values.

● Voluntary/Independent Selective Training

Selective Training

Technical skills (approx. 230 courses)

Physics/Chemistry
Materials/Structures
Heat/Fluids/Combustion
Turbo Systems/Mechanical Elements/Vibrations
Production Processes
Control/Sensing
Project Management
Intellectual Property
Sales
Procurement

Business skills (approx. 140 courses)

Management Policy
Sustainability/ESG
Quality/Compliance
DX
Design Thinking
Business Models
Marketing
Problem Solving/PDCA
Finance/Accounting
Engineering and Manufacturing
Company Basics
Management

Communication skills (approx. 5 courses)

Business Communication
Team Building
Coaching

Mental fitness (approx. 30 courses)

Philosophy
Leadership
Motivation
Diversity

Career Challenge Program

We launched the Career Challenge Program (open application system within the IHI Group) in fiscal 2019 to realize optimized placement of human resources by encouraging bidirectional human resource transfers across division and corporate boundaries within the Group. As of the end of fiscal 2022, a total of 204 employees have taken advantage of this program and been matched with positions.

This program helps employees to independently shape their career and helps provide opportunities for skills development.

Diversity, Equity, and Inclusion

Career Development Program

We introduced the shared Group-wide Career Development Program (CDP) in fiscal 2019, which provides career development tailored to individual employees. Meetings with a supervisor based on the individual employee's career plan (future design) are held to discuss what challenges and training the employee needs to undertake to achieve their career plan.

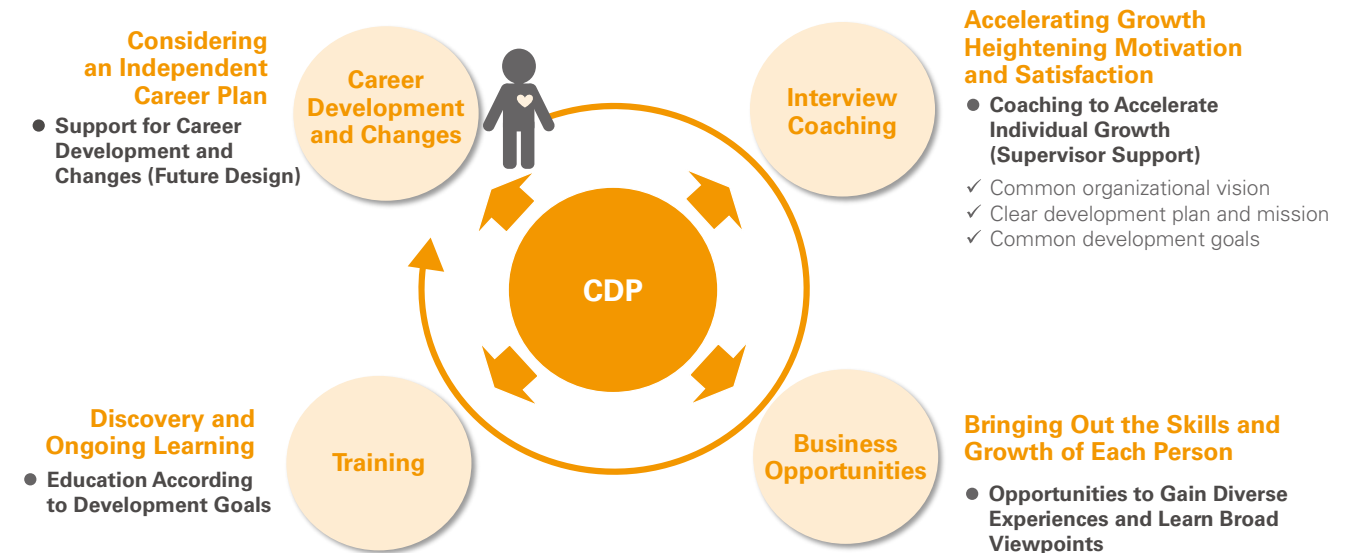
Through this initiative, we are supporting each employee to independently think about their career plan as well as supporting their growth through work and educational opportunities and ongoing learning.

Career Development Support Program

We have established the Career Development Support Program as an initiative to support career design and create workplaces where everyone can actively participate. Based on this program, we hold Career Design Seminars tailored to each career stage. They are intended to enable employees to independently consider and carry out plans for developing their skills and abilities to better advance their careers in the future.

As part of our support for career plan creation, in fiscal 2022 we launched a support desk where employees can consider their own career plan in one-on-one sessions with an in-house career advisor. To date, a total of 52 employees have used the support desk. We have also launched an intra-Group portal site, Build My Career, where we regularly release general information about career development. The purpose of the portal site is to build awareness among employees for independently designing their careers and to facilitate advancing their work careers and life careers.

● CDP



Diversity, Equity, and Inclusion

Diversity, Equity, and Inclusion

Approach/Policies

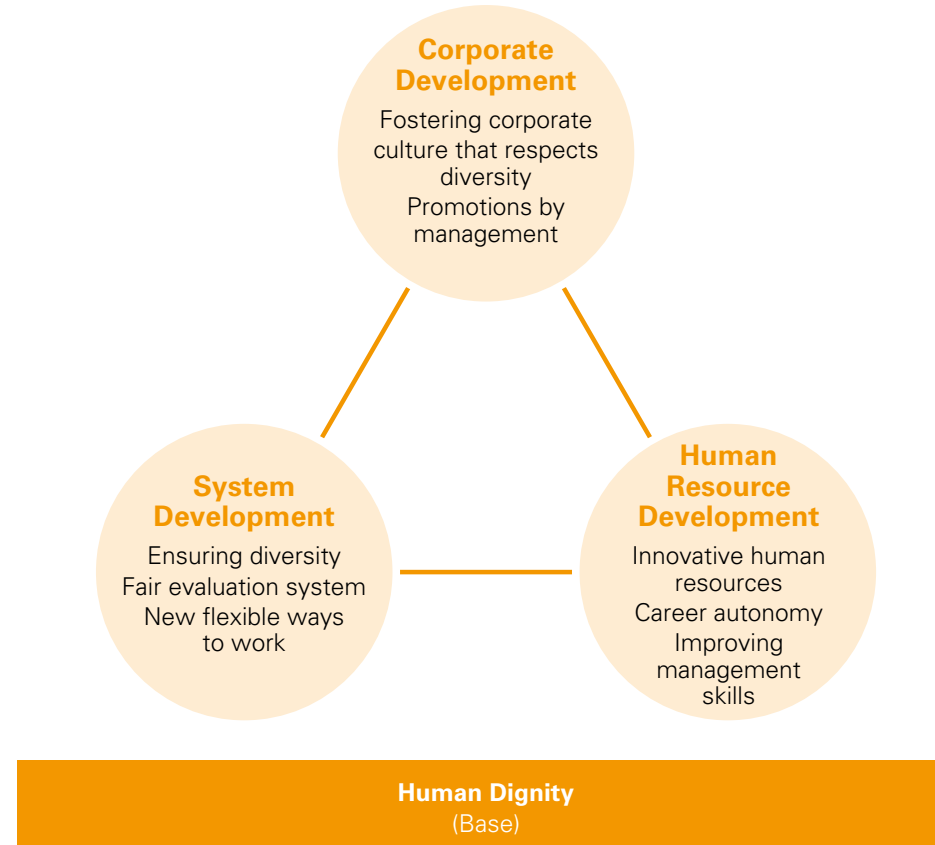
In our IHI Group ESG Management announcement made in November 2021, the IHI Group announced that we would seek out business opportunities while working to solve social issues. Social issues have become complicated amid destructive environmental changes, and in order to solve these problems, it is essential to go beyond conventional beliefs and our own framework, cooperating and collaborating with our various stakeholders. In order to create the foundation necessary for this, the IHI Group announced its Group Management Policies 2023 and Group Human Resources Strategy 2023 to foster a corporate culture that places an emphasis on diversity, and the Group's top management is committed to promoting Diversity, Equity, and Inclusion (DE&I).

Aiming to solve social issues through our business activities, we feel it necessary to incorporate perspectives from our diverse group of human resources into our practices to realize the issues and needs of 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 organization, and we believe that they will become the driving source for promoting change.

In order for them to play an active role, it is necessary to consider the differences in each person's position, living environment, gender, and so on to create fair opportunities, and to cultivate an environment in which each person's strengths are utilized. To date, the IHI Group has been incorporating equity into its efforts to promote diversity, moving toward the promotion of DE&I where our diverse human resources can play active roles, and letting the power born from this diversity lead to value creation.

DE&I Initiative Overview

Active Participation by Diverse Human Resources



Diversity, Equity, and Inclusion

Education/Awareness Building

Number of Participants for Diversity Education and Training

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

Item	FY2019	FY2020	FY2021	FY2022
Empowering female employees, employees with disabilities, etc.	276	140	139	125
Work-life balance of employees raising children	134	53	125	112
Work-life balance of employees taking care of sick family	400	290	263	169

Number of Participants for Training Aimed at Developing Managers at Overseas Sites

(Unit: People, Scope: Within the region of our overseas headquarters)

Item	FY2019	FY2020	FY2021	FY2022
Number of participants	42	—*	21	19

* Activities were not conducted in fiscal 2020 due to the impact of the COVID-19 pandemic.

Targets and Results

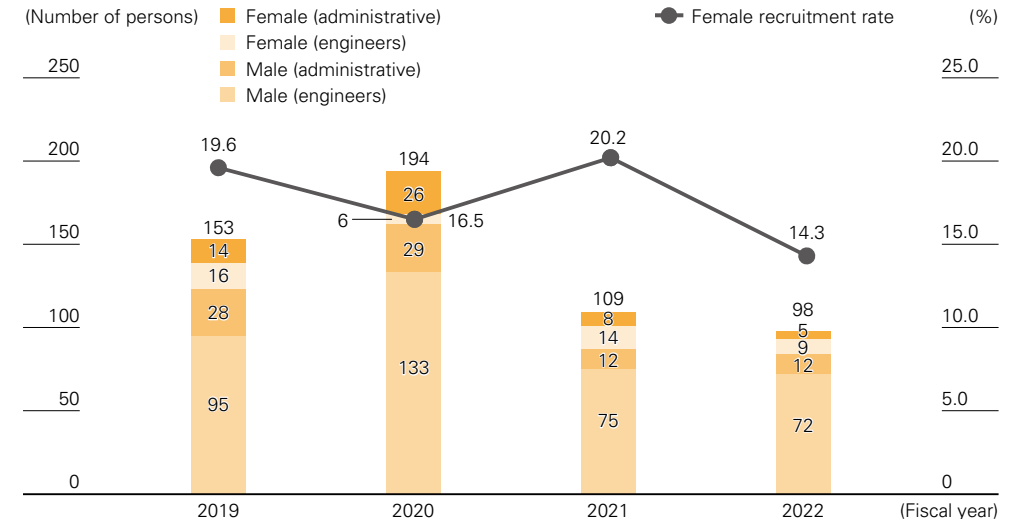
Diversity Targets and Results

KPI	Target	Target Year	FY2022 Results
Female recruitment rate	University graduates: About 20%	2026	14.3%
Ratio of female Managers	7%	2026	4.7%
Ratio of female Officers	Increasing the proportion of female Officers to exceed 30% by 2030 (Participation in Keidanren's Challenge to 30% by 2030)	2030	18%
Ratio of employees with disabilities	2.6%	2023	2.55%
Promote male employees to take paternity leave or paid time off for childcare	Promote all applicable male employees to take childcare leave of at least a week, and promote 2 or more weeks	2025	90.1%

Recruitment Results

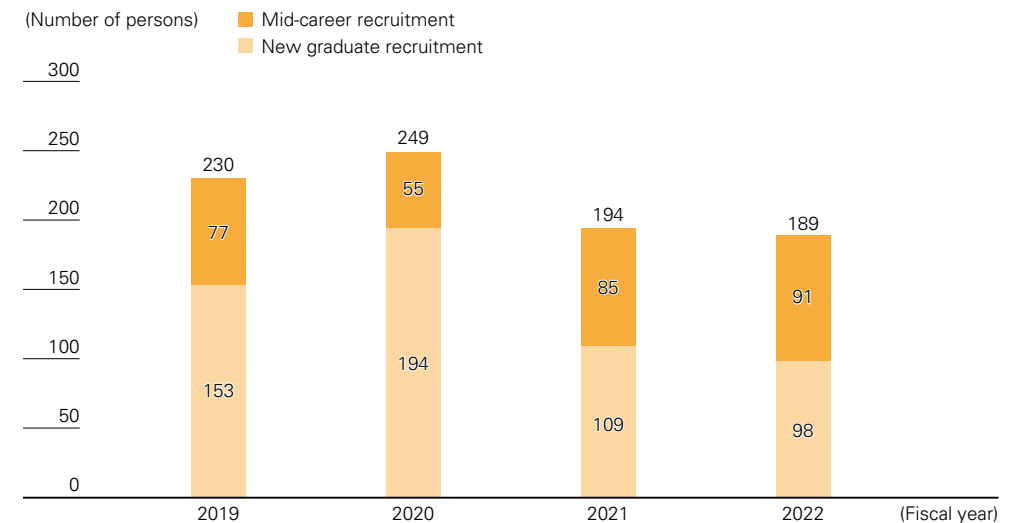
New Graduate Recruitment Results

(Scope: IHI, University graduates)



New Graduate and Mid-career Recruitment Results

(Scope: IHI)



Diversity, Equity, and Inclusion

Board Diversity

● **Number of Officers*1**

(Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Total	16	17	17	17
Male Officers	13	14	14	14
Female Officers (outside)	3 (2)	3 (3)	3 (3)	3 (3)

*1 As of July 1 each year, members of the Board of Directors and Audit & Supervisory Board.

● **Ratio of Female Officers*2**

(Scope: IHI)

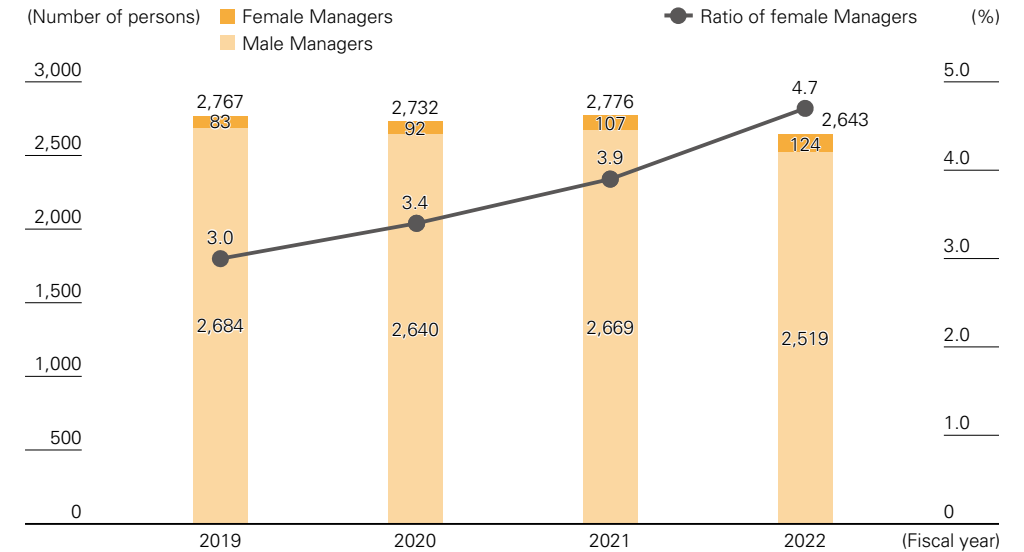
Item	FY2019	FY2020	FY2021	FY2022
Ratio of female Officers	19%	18%	18%	18%

*2 As of July 1 each year, members of the Board of Directors and Audit & Supervisory Board.

Management Diversity

● **Number of Managers*3**

(Unit: People, Scope: IHI)



*3 As of April 1 each year.

● **Ratio of Female Managers*4**

(Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Ratio of female Managers	3.0%	3.4%	3.9%	4.7%
Ratio of general Managers	0.8%	0.8%	1.1%	1.4%
Ratio of section Managers	2.2%	2.5%	2.7%	3.3%

*4 As of April 1 each year.

● **Number of Managers That Joined IHI Mid-career*5**

(Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Number of Managers	220	234	230	253

*5 As of April 1 each year.

Diversity, Equity, and Inclusion

● Managers from Abroad (General Manager or Higher) (Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Number of Managers	10	13	14	16
General Manager level	2	3	3	3

● Local Managers at Overseas Sites*⁶ (Unit: People, Scope: China, Singapore, and USA)

Item	FY2019	FY2020	FY2021	FY2022
Total	23	22	25	26
China	4	5	6	6
Singapore	7	6	5	11
United States	12	11	14	9

*⁶ As of April 1 each year.

Ratio of Employees

● Ratio of Employees with Disabilities*⁷ (Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Ratio of employees	2.39%	2.35%	2.39%	2.55%
Target	—	2.3%	2.3%	2.4%

*⁷ As of June 1 each year.

● Re-employment Rate of Employees at Retirement Age (Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Re-employment rate of employees at retirement age	81%	81%	78%	100%

Work-life Balance

● Work Hours (Unit: Hours, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Monthly average overtime	21.10	13.00	18.90	21.60
Annual work hours	1,967.8	1,797.9	1,948.3	1,984.5

● Average Annual Paid Vacation Days Taken (Unit: Days, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Average annual paid vacation days taken	19.40	18.73	17.37	18.65

● Leave Acquisition Rate (Unit: People, Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Employees who have used the reduced work hour program	161	139	158	140
Employees who have taken childcare leave	779	768	935	1,010
Employees who have taken parental leave	131	137	128	198
Male	21	31	60	78
Female	110	106	68	120
Percentage of employees who return to work after parental leave	99.2%	100%	100%	99.6%
Employees who have taken nursing care leave	7	2	6	3

● Ratio of Male Employees who Took Paternity Leave or Paid Time Off for Childcare (1 Week or More) (Scope: IHI)

Item	FY2019	FY2020	FY2021	FY2022
Ratio that took leave	28.6%	26.5%	70.8%	90.1%

Diversity, Equity, and Inclusion

Initiatives

Supporting the Active Participation of Diverse Human Resources

Mid-career Recruitment

To achieve its Group management policy, the IHI Group is actively pursuing mid-career candidates with skills difficult to find within the Company as diverse human resources who possess the necessary expertise for building new business models. Maintaining flexible and timely employment of human resources who have the capabilities demanded of our businesses and technological strategies is crucial in an ever-changing business environment. Our avenues to recruit human resources go beyond the regular hiring of new graduates to a variety of other channels.

Empowering Female Employees

The IHI Group executes a wide range of initiatives to help better develop the careers of all female employees. These initiatives not only recruit and develop key human resource roles to promote to middle and top management but also define various goals to build a workplace environment where everyone can actively participate. As part of our training, we set up career development opportunities for female Managers by dispatching them to seminars outside of the Company, in addition to supervisor instruction and coaching.

We also endorse the Cabinet Office's Declaration on Action from the Male Leaders Coalition for Empowerment of Women.

Empowering Employees from Abroad

The IHI Group strives to create workplaces motivating fantastic employees to fully realize their potential regardless of their nationality. This includes broad assistance for foreign nationals working in the IHI Group. We offer a variety of training opportunities to enhance communication skills in Japanese while events such as those to encourage multicultural exchanges build broader professional networks. These are just some of the many things IHI does to promote work-friendly environments where foreign nationals can utilize all of their skills. Employees from abroad also encounter problems unique to foreign nationals. That is why IHI has put in place consultation services for employees from abroad.

Empowering Local Employees Overseas

The IHI Group is working to accelerate global expansion. Overseas, we recruit and nurture human resources with roots in the community according to the Group Human Resource Management Policy while considering the unique labor market and practices of each country. Our human resource development programs offer training to cultivate local Managers, which also strengthens our Group management capabilities. Moreover, we emphasize the development of global procurement Officers and advance training programs for local staff. In fiscal 2022 we implemented a human resource development program for management in the Asia-Pacific region in addition to a selling power improvement training program in China. In the future, we will promote even more active participation by cultivating diverse human resources throughout the Group worldwide.

Empowering Employees with Disabilities

The IHI Group strives to empower employees with disabilities, aware that everyone can reach their full potential with the right support and understanding in the workplace. For employees with disabilities in need of special assistance, we have assistance programs in place, such as specialized support staff, covering work and general aspects of company life. We also support career advancement of each employee by providing an environment conducive to growth and success.

IHI has been a member of the Accessibility Consortium of Enterprises (ACE) since fiscal 2013, and through sharing its recruitment guidelines and examples of employment with other ACE member companies, is able to resolve problems faced by employees with disabilities while helping to implement better measures regarding personnel and support corporate affiliates.

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. As part of our support for gender minorities, we provide employment programs, corporate dormitories, and other benefits in addition to raising awareness about gender minorities (LGBTQ+) through an ally* program and other networking and enlightenment opportunities.

In fiscal 2022, we conducted an e-learning program titled LGTBQ—Aiming for Total Allyship. The number of allies in the IHI Group has increased to over 3,500.

In addition, IHI promotes the existence of gender minorities in society, and is a co-sponsor of the Tokyo Rainbow Pride 2023 event, which celebrates gender and lifestyle diversity.

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

Diversity, Equity, and Inclusion

Empowering People Over 60

The IHI Group promotes the active participation of employees at retirement age in many different ways. We have adopted a program for each employee to decide when to retire between the ages of 60 to 65. Many senior employees are also taking advantage of a program that enables promotion of employees over the age of 60 to encourage people to persevere regardless of age. Programs to capitalize on the high level of expertise and skill also create a framework to better encourage employees at retirement age to play a greater role.

Hiring Fixed-term Employees as Regular Salaried Employees

IHI has put in place a system to hire fixed-term workers as regular salaried employees. This program lays a path for fixed-term employees who satisfy certain criteria to request a regular salaried position.

Providing Opportunities to Gain Diverse Experience

The IHI Group continually enhances the workplace to ensure that human resources with diverse backgrounds, experience, and views have a means to fully leverage their skills. We offer programs to nurture broader experiences and open minds as well as a wide range of opportunities.

Employment

The IHI Group clearly defines the type of work and human resources critical to business and technical strategies that will realize its long-term business vision. This demands a strategic mix of new graduate and mid-career recruitment. We hire around the globe throughout the year while expanding the scope of our recruitment channels.

Transfer

The IHI Group rotates staff between departments, and dispatches employees to external training programs as well as to partner companies, government agencies, and startups. Our staff members also participate in joint development projects with other companies, universities, and research institutes, which are just some of the many ways in which IHI provides access to a variety of experiences and differing viewpoints.

To help facilitate the career development plans defined by each employee, we also recruit constantly from within the Group (career challenge).

Training

The IHI Group provides opportunities to gain broader experiences and an open mind through active human resource exchanges outside the organization, such as external training and events as well as participation in various academic societies.

Concurrent In-house Positions and Side Businesses Outside IHI

The IHI Group encourages everyone to gain broad experience both inside and outside the organization. We support employees to have concurrent positions inside IHI and side businesses (second jobs) outside of it in the hope of leveraging diverse viewpoints and ideas in management. For example, some of these activities include those related to participation in universities and research institutes or administrative agencies and start-ups for side businesses outside of the Company, and for concurrent in-house positions, developing and sharing applications that contend with internal and external problem-solving as well as data collection and analysis. As of fiscal 2022, our employees have registered approximately 110 different side businesses, 55 concurrent positions, and a total 130 activities.

Work-life Balance Programs and Consultation Services

The IHI Group has put in place various career-compatible programs to help employees actively participate in the Company while raising children, taking care of sick family, or undergoing treatment for an illness of their own. Examples include publishing handbooks and leaflets to raise awareness and promote use of these support programs, holding seminars by external lecturers, and setting up a consultation desk with outside experts who can provide support based on the circumstances and needs of each individual.

In addition, to strengthen our efforts regarding men's childcare leave we are in the process of developing a handbook on balancing work and raising children that focuses on male employees. Furthermore, in support of employees wishing to have children we are distributing leaflets to raise awareness about a program that supports fertility treatment.

Work-style and Operational Process Reforms

Approach/Policies

The IHI Group believes that it is essential to provide a workplace that responds to diversification of work values as well as improve productivity within the entire organization.

Moreover, as work is a part of each employee's life, the Group believes that while the workplace is a place for self-fulfillment through respect, empathy, and ability to grow, it is also a place where each person can do their job while leading a healthy life that is necessary for human resources to engage in career autonomy and play an active role.

Structure

The IHI Group established the Smart Work Empowerment Division in April 2021 in an effort to create new work styles (smart work) and aimed to achieve Group growth alongside fulfilling employee lifestyles and growth. Working in collaboration with related divisions across the IHI Group has led to an awareness of and initiatives for work-style reforms taking root throughout the organization.

The organization was altered in April of fiscal 2023 in order to further expand the knowledge gained and the initiatives implemented by the Smart Work Empowerment Division. We have incorporated previous operations into the Human Resources Division and the Corporate Planning Division, and have enhanced the promotion structure for both work-style reform and operational process reform.

Education/Awareness Building

The IHI Group has established a mechanism for systematic exchange of opinions and dialogue throughout the whole Group. Senior management, managers, and personal affairs divisions work together to promote everything from the mutual exchange of management intentions and employee awareness to maintaining a work environment that unifies individual career development motivation, willingness to contribute to the organization, and management direction.

We have started workshops targeting all Group employees regarding Group Management Policies 2023 (including ESG management) and human resource strategies, and are using this as a platform for the aforesaid actions.

Initiatives

Promotion of Diverse Work Styles

The IHI Group strives to realize work-life balance to achieve a work-friendly environment where every employee can find balance between their personal and professional lives. We offer programs and systems for everyone working at IHI to take actions proactively.

Some employees have side jobs and businesses while others enter into career challenge and selective training programs. This corporate climate is motivating and offers each person a way to find a work style matching their unique values. Various initiatives endeavor to enhance internal communications through engagement efforts, shift to online work formats and remote communications, and to inspire ideas by improving productivity.

Creating New Working Styles (Smart Work)

Until fiscal 2022, the IHI Group focused on improving productivity through various activities so that each organization and individual could concentrate on high-value work. In addition, IHI has ramped up efforts to build communities to inspire sustainable creation of new value and innovation and to revitalize interactions between human resources.

In the future, based on the above initiatives, we will come together as a place for self-actualization where diverse and autonomous human resources can respect each other, empathize, and grow, and live a healthy life. We will consider and take measures to naturally boost the willingness to contribute to the Group.

Customer Relationships

Quality and Product Safety

Approach/Policies

The IHI Group conducts its business based on the premise of contributing to the development of society by providing socially useful products and services that earn the satisfaction and trust of our customers, while paying sufficient attention to safety. The quality of our products and services is the bond of trust that connects the IHI Group with our customers and society, and we believe that ensuring quality is fundamental to our social mission and existence as a company.

IHI Group Quality Declaration

The IHI Group has indicated in the IHI Group Quality Declaration that quality is as equally important as safety. This reiterates our basic approach to manufacturing and our actions and awareness of quality.

● IHI Group Quality Declaration

We, the IHI Group, shall:

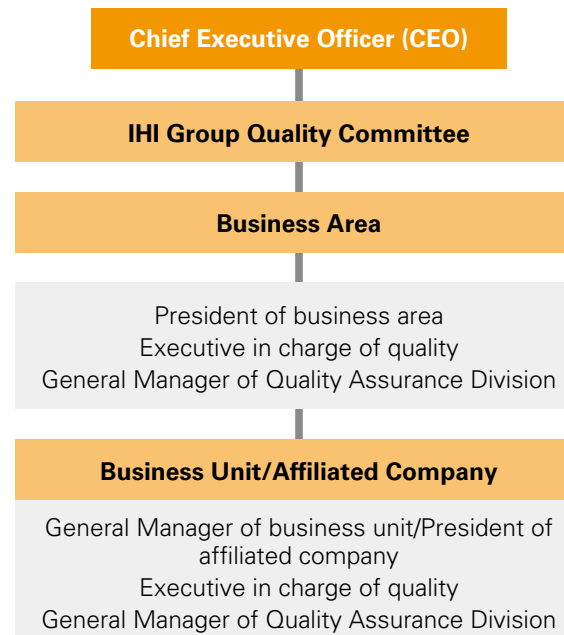
1. Always put quality first.
2. Continue improving quality via Sangen-Shugi and communication.
3. Listen sincerely to issues, swiftly take action and share accurate information.
4. Provide quality assurance through compliance with rules and working appropriately.
5. All strive for the satisfaction of our customers.

Structure

Quality Assurance Framework

The IHI Group established the IHI Group Quality Committee as a Group-wide committee on quality. The Committee confirms that important policies related to quality are being developed as specific initiatives. The Officer in charge of overall Group Quality Assurance acts as the Committee chairperson. Committee members consist of a business area President, an Executive in charge of quality from each business area, and an Executive from each corporate division. The Committee also deliberates on the quality policy for the next year with implementation results and quality issues that occurred during the year in consideration.

● Quality Improvement Promotion System



● IHI Group Quality Committee

Chairperson	Officer in charge of overall Group Quality Assurance
Secretariat	Monozukuri System Strategy Planning
Members	President of a business area, Executive in charge of quality for business area, and Executives of the corporate divisions
Number of meetings convened in FY2022	2

Customer Relationships

Education/Awareness Building

Employee Training and Education

The IHI Group provides education and training tailored to each employee's career and job position, with the aim of raising employee awareness of the importance of product and service quality and safety.

Training is provided for new employees to help them understand the IHI Group Quality Declaration. Training for senior employees focuses on ethics, the environment, and safety in a manufacturing company. In addition to yearly e-learning programs on internal regulations and important laws, each business area has established its own education and training system.

● Training Participants

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

Item	FY2019	FY2020	FY2021	FY2022
IHI Group Quality Declaration	—	519	288	262
Internal auditor programs	74	31	29	44
Basic quality management and proceeding with product safety risk assessment	314	211	81	50
Training seminars for manufacturing divisions focused on problem-solving and addressing issues in quality management	316	136	123	117
Professional Quality Training	6	7	6	6
Quality Assurance Division Manager Training	—	—	182	40

Results

● Number of Law Violations

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

Item	FY2019	FY2020	FY2021	FY2022
Laws/regulations relating to PR activities	0	0	0	0

Initiatives

Quality Assurance Activities

In fiscal 2022, the IHI Group aimed to promote the understanding and establishment of the IHI Group Quality Declaration among employees. We explained the intent of the Quality Declaration with illustrations, and developed activities to collect opinions that agree and disagree with the Declaration.

In order to strengthen quality assurance, we conducted Quality Assurance Division Manager Training and a weekly quality assurance liaison meeting between corporate and business areas throughout the year to increase mutual understanding.

Ensuring Product Safety

The IHI Group conducts life-cycle risk assessments during product development and implements design measures to reduce risk as much as possible. We then provide residual risk information to our customers.

Disclosure of Information about Products and Services

The IHI Group discloses information about its products and services through various mediums, such as television and newspaper advertisements and the Company website. This information helps familiarize the public at large about our business operations. We cooperate with all relevant internal departments to provide accurate information in accordance with copyrights, trademarks, and all other relevant laws and industry regulations. The effectiveness of these advertisements is evaluated to examine opportunities on areas of improvement.

Customer Satisfaction Surveys

The IHI Group conducts customer satisfaction surveys through questionnaires and interviews. Survey items are decided according to the characteristics of the business. The results are analyzed and shared with related divisions, leading to developing activities to further improve customer satisfaction.

Supply Chain Management

Approach/Policies

The IHI Group Procurement Policy guides procurement activities around three main principles: practicing fair and impartial procurement, establishing mutually beneficial partnerships, and complying with laws and regulations and fulfilling our social responsibilities.

In line with these three principles, the IHI Group specifies in the IHI Group Code of Conduct for Business Partners that each business partner and its supply chain drive CSR activities eyeing human rights/labor, health and safety, the environment, fair trade/ethics, information security, responsible procurement of mineral resources, and so on, on top of basic requirements such as legal compliance, quality, price, and delivery.

Furthermore, each procurement department of the IHI Group conducts its procurement activities following the Basic Rules of Procurement for the IHI Group enacted in accordance with the IHI Group Procurement Policy. It is through these rules that we fulfill our social responsibility by building sustainable supply chains.

Overseas Procurement Network



IHI Group Procurement Policy

The IHI Group conducts procurement activities in accordance with the “Basic Code of Conduct for the IHI Group” as set forth below.

Article 1. Fair and Impartial Procurement

We provide business opportunities in an open manner to business partners from around the world, and welcome working with creative and competitive business partners. We also evaluate and select business partners in a comprehensive and fair manner based on factors such as quality, price, delivery schedule, technology development capabilities, and financial conditions.

Article 2. Mutually Beneficial Partnership with Our Business Partners

We regard our business partners as value creators, and through seeking to realize optimal levels for quality, price and delivery, together with procurement reliability, we aim to establish relationships of trust with our business partners and bring about the mutual enhancement of competitiveness and prosperity with them.

Article 3. Approach to Compliance and Social Responsibility

We comply with the related laws that govern our local and global businesses. To fulfill our social responsibility, we shall conduct CSR procurement with due consideration not only of basic requirements such as quality, price and delivery, but also of human rights, labor conditions, health and safety, the environment, and information management.

To Our Business Partners

We, as the IHI Group, work hard on CSR procurement in our business activities, undertaking our social responsibilities in collaboration with our business partners. Our mission is to fully pay attention to due consideration not only for basic requirements such as quality, price and delivery commitments, but for human rights and labor, health and safety, environment, and information security. With our intent above in mind, we ask for your kind cooperation to drive your own proactive CSR activities in line with the attached “IHI Group Code of Conduct for Business Partners.”

We highly appreciate your understanding that we could confirm progress on your own CSR activities.

Supply Chain Management

Education/Awareness Building

The IHI Group prioritizes training and internal audits related to laws and regulations relevant to security trade control and procurement to continually strengthen compliance.

We conduct a variety of professional procurement and other training programs aimed at not only our IHI Group procurement departments but also all other departments with a need to understand procurement-related laws, and from fiscal 2023 have been conducting new educational lectures on security trade control for our procurement departments. Regarding our e-learning programs, the content is designed so that every employee in charge of IHI Group procurement can acquire the knowledge necessary for conducting their work, including the Subcontract Act, mandate and quasi-mandate contracts, basic agreements via electronic signature, proper import declarations, and so on. Each IHI Group procurement department voluntarily reviews the Subcontract Act on a monthly basis and import declarations on an annual basis to ensure proper practices and to promote improvements. In addition, internal audits provide guidance regarding areas of improvement.

● Participants in Procurement Training

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

Item	FY2020	FY2021	FY2022
Lecture on Subcontract Act*1	38	143	379
Lecture on Construction Business Act*1	40	98	354
Lecture on Overseas Procurement*1	78	82	112
Professional Procurement Training*2, *3	233	642	1,367

*1 These three lectures are part of the Professional Procurement Training and the numbers of participants are included in the numbers of participants for the Professional Procurement Training.

*2 Professional Procurement Training was held only for the second half of fiscal 2020 due to COVID-19.

*3 Lectures on security trade control were added from fiscal 2022.

Initiatives

Strengthen Supply Chains

The IHI Group is promoting activities to strengthen the supply chain globally including those that prevent delayed production and business activity due to natural disasters, infectious diseases, conflicts, and other incidents that have occurred in recent years.

Specifically, we are looking into confirming the scope of impact from the prolonged delivery time of electrical components due to a lack of semiconductors and implementing measures for handling this Group-wide, such as securing multiple suppliers, changing to specifications that have higher interchangeability, and securing appropriate stock in response to the increased time for delivery.

Mutually Beneficial Business Partnership

In September 2020, the IHI Group announced the registration of its Declaration for Building Partnerships. Based on this, the Group aims for mutually beneficial partnership with its business partners.

As an example of its joint improvement activities with business partners, the Group has implemented bottleneck process improvement and technological activities to reduce manufacturing costs through a relaxation of tolerances and requirement changes with consideration to actual process conditions. The Group shares these benefits. The IHI Group considers its business partners as partners with whom the Group advances its business together, and by valuing open dialogue and cooperation, the Group desires to work together to strengthen competitiveness and prosperity in a way that is mutually beneficial.

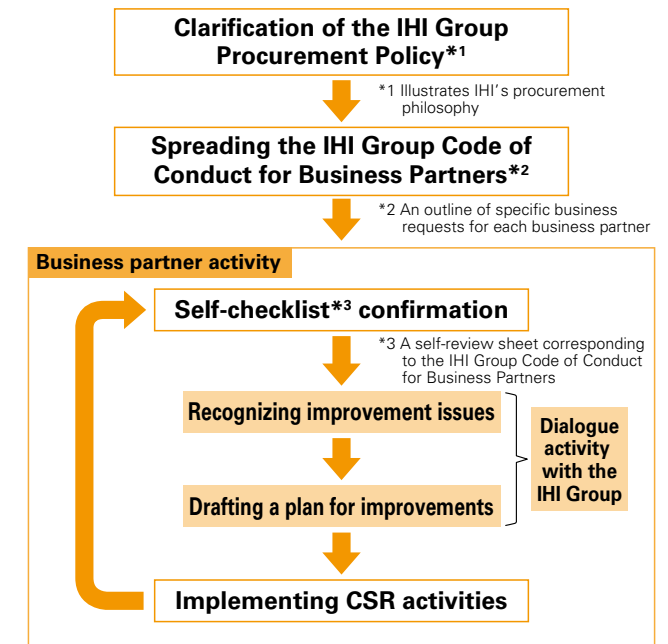
CSR Procurement Monitoring

The IHI Group developed a self-checklist for all our business partners based on the IHI Group Code of Conduct for Business Partners. Through this self-checklist, the Group asks its business partners to recognize issues to

be addressed and to drive CSR activities.

The IHI Group will confirm ESG risks by proactively supporting, through dialogue, its business partners' CSR activities

● CSR Activity Promotion Process



Responding to Anti-social Forces and Anticorruption

The IHI Group contractually requires business partners to prohibit all relationships with anti-social forces and commit no acts of bribery toward foreign government officials as prohibited by the Penal Code and the Unfair Competition Prevention Act or against the laws enacted in the particular country. If any business partner is found guilty of such acts, they are required to cooperate in the reporting and investigation process.









Corporate Citizenship

Approach/Policies

The IHI Group strives to contribute to society, as we believe corporate social responsibility means fulfilling the expectations of society.

Concerning our social contribution activities in regions where we operate businesses and construction sites, we have established target priorities based on their relevance to our business and Sustainable Development Goals (SDGs).

Material Issues of Social Contribution Activities

Material Issues	Relevance to Business	SDGs
Coexistence with local communities	Establishing and maintaining good relationships with local communities is essential for smooth business expansion.	 
Development of next-generation professionals	Developing next-generation professionals in the manufacturing field and supporting research regarding future science and technology fields are essential to solidify the foundation for the coming industries, to drive IHI brand recognition, and to guarantee business continuity.	  
Conservation of the global environment	Supporting activities concerning preservation of the ecosystem, measures to combat extreme climate change, cultivation of natural bounties, and protection of our planet are essential for a sustainable business. This will consequently assist in raising employee awareness regarding environmental issues.	  

Targets and Results

The IHI Group dedicates approximately 1% of its net income to social contribution activities. In fiscal 2022, we invested a total of ¥489 million, approximately 0.87% of net income of the fiscal year, into activities concerning social contribution.

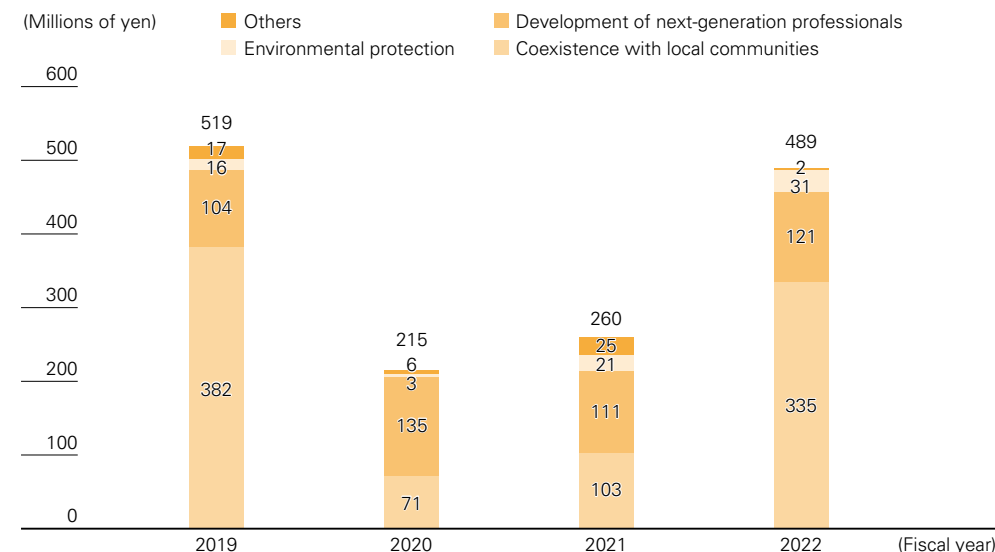
Breakdown of Social Contribution Expenditure

(Unit: Millions of yen, Scope: IHI and consolidated subsidiaries)

	Item	FY2020	FY2021	FY2022
Breakdown by expenditure	Cash investment	156	120	251
	Time investment	40	87	94
	Goods donations and site costs	19	53	144
Reference	Membership fees for local organization	14	13	15
	Operating costs	117	110	106

Social Contribution Expense

(Scope: IHI and consolidated subsidiaries)



Activity Results

(Scope: IHI and consolidated subsidiaries)

Material Issues	Index	FY2020	FY2021	FY2022	
Coexistence with local communities	Business interests*	Visitors to events	632	645	1,535
	Social/environmental interests*	Investments to local communities	71 million JPY	103 million JPY	335 million JPY
Development of next-generation professionals	Business interests*	Participants in science (manufacturing) classes	1,356	5,297	6,468
	Social/environmental interests*				
Conservation of the global environment	Business interests*	Participants in hosted events	60	254	156
	Social/environmental interests*	Environment protection area	12,652 m ²	12,652 m ²	112 m ²

* The indicators above for business and social/environmental interests defined by RobecoSAM are as follows.

Business interests: Factors directly related to product development, brand improvement, human resource development, and other such business interests.

Social/environmental interests: Factors linked to SDGs and other social/environmental interests.

Corporate Citizenship

Initiatives

Major Activities in FY2022

As a material issue regarding its social contribution activities, the IHI Group worked to coexist with local communities, develop next-generation professionals, and protect the environment in fiscal 2022 with the utmost caution taken to prevent the spread of COVID-19. A variety of other unique activities were conducted on each business site.

Moreover, as a preventative measure against COVID-19, we donated temperature screening devices as well as ozone deodorizing and disinfecting devices developed by our IHI Group companies to local governments and medical institutions near Group business sites.

Significant Indirect Economic Impact (International Cooperation and Educational Support)

The IHI Group donated to the construction of the Expo 2025 Osaka, Kansai venue, as well as to victims of the earthquake which occurred in Southern Turkey in February 2023.

Additionally, we held visiting seminars on STEAM and environmental education for 6,624 students at 48 locations, mainly at schools and public facilities near our business sites.

Joint Environmental Conservation Activities with Government and NGOs (Biodiversity Protection and Awareness-raising Activities)

The IHI Group conducts visiting seminars about the functions of the forests and soil for elementary school students near our business sites.

This seminar was a joint development between Ochanomizu University and the IHI Group. Soil samples were taken from schoolyards and greenery areas on IHI Group business sites, which offered a chance to learn and

discover about various organisms and microbes living in the soil which are invisible to the naked eye.

In fiscal 2022, we held visiting seminars with 156 students at five schools and public facilities near the Soma, Yokohama, and Kagoshima Works.

To realize a sustainable society, the IHI Group will continue to conduct this seminar at a wide range of schools to share the importance of conserving a nature-rich environment and rich ecosystems, which will raise awareness about environmental issues.

Coexistence with Local Communities

Participation in the Soma Nomaoui Festival

Our IHI Soma Works has been a participant in the Soma Nomaoui (Soma Wild Horse Chase) Festival since 2005. A traditional event of the Soma region that gives color to the summers of Tohoku, the Nomaoui is a Shinto ritual cherished by its citizens, where the entire city is unified under the color of the Nomaoui on the day of its celebration.

In July 2022, the Soma Nomaoui was able to proceed as usual for the first time in three years. The Director of our IHI Soma Works participated as a cavalry warrior guarding the mikoshi (a portable shrine). In addition, approximately 70 IHI Group employees were placed in charge of the Nakamura-jinja Shrine's mikoshi and sacred tree box, carried flags, and led prayer. We were given words of praise from the Nakamura-jinja Shrine and its parishioners for the dignified appearance of youth our members displayed.

Our IHI Soma Works will continue to participate in the Soma Nomaoui Festival as part of its contribution to the local community.

Support for the Japan Wheelchair Basketball Federation

Since fiscal 2015, the IHI Group has supported the Japan Wheelchair Basketball Federation as an officially signed

sponsor. In order to spread the excitement of wheelchair basketball, we hold sessions at various locations where people can experience wheelchair basketball for themselves.

During fiscal 2022, we held events in October at the Tomioka City gymnasium in Gunma Prefecture and in November at the Niigata City gymnasium in Niigata Prefecture, with the participation of local residents, IHI Group employees, and their families, by holding an exhibition match featuring local athletes and offering participants a chance to play in game with wheelchairs themselves. Approximately 150 residents of Tomioka and 100 residents of Niigata took part, where Matsuhama Taiko drumming, a local performance art of Kita-ku in Niigata City and others were performed. We were able to obtain a variety of feedback from those who participated. The IHI Group will continue to promote harmonious coexistence with local communities through our activities to help popularize wheelchair basketball.

Participating in the Aioi Peron's 100th Anniversary

In light of the Aioi Peron celebrating its 100th anniversary in 2022, our IHI Aioi Works provided the winning flag and other items for this special 100th anniversary boat racing exhibition event.

The Aioi Peron is a tradition originally passed down to Aioi by a Nagasaki-born employee of its Harima Dock Co., Ltd. (later known as Harima Shipbuilding & Engineering Co., Ltd.) in 1922. In May 2022, the Aioi Peron Festival was held for the first time in three years since being canceled in the wake of the COVID-19 outbreak from 2020. A total of 39 teams from within and outside of the prefecture took part. Six teams from our IHI Aioi Works were among those that participated, as lively sounds of gongs and drums echoed across Aioi Bay. Our IHI Aioi Works will continue to take part in the Aioi Peron Festival, boosting the local community and showing appreciation for the region's traditional culture.

Corporate Citizenship

Development of Next-generation Professionals

SDGs Education for Local Elementary School Students

At our Soma IHI Green Energy Center (SIGC), in joint operation with Soma City in Fukushima Prefecture, IHI is working to organize a demonstration project to develop a recycling-oriented community. This project aims to contribute to local production and consumption of renewable energy as well as regional promotion and development.

In fiscal 2022, we invited local Soma elementary school students and focused on introducing IHI's business and decarbonization initiatives at SIGC in relation to SDGs. By allowing students to visit a facility that actually runs on renewable energy and giving them the opportunity to play with RC cars running on green hydrogen, we were able to familiarize them with the IHI Group's efforts toward achieving the SDGs.

IHI will continue to provide learning opportunities with the goal of developing the next generation of professionals.

Return Capsule Exhibition for the Asteroid Explorer Hayabusa 2

In October 2022, the IHI Group held an exhibition as part of an extracurricular class aimed at local elementary and junior high schools at our IHI head office, borrowing the Japan Aerospace Exploration Agency's Hayabusa 2 asteroid explorer's return capsule.

As one of our social contribution activities, we welcomed approximately 1,200 participants to our facility, which mainly included elementary and junior high school students from the Toyosu area, IHI employees, and their families. Through observing the Hayabusa 2 return capsule, which incorporated many IHI Group technologies, it gave them an opportunity to experience the excitement of exploring the mysteries of the universe, pursuing an interest in science and technology, and approaching new challenges through teamwork.

We received feedback from visiting elementary and junior high school students with comments about how seeing the sand on the Ryugu asteroid made them realize how incredible space is and their desire to learn more about the Hayabusa 2.

The IHI Group will continue to make active efforts toward developing professionals who will be responsible for future manufacturing.

Learning to Fulfill the Dreams of Children

The IHI Group hopes to make the universe a stage for learning for children to recognize themselves as earthlings and cultivate a passion for life.

We work with elementary, junior, and senior high schools near Mizuho Aero-Engine Works to create art to deliver to the stars, such as cosmological couplets and five-verse poems, through general, language, science, and ethics education. The children's art is launched with an aerospace instrument, such as a private craft, rocket, spaceship, or international space station, in order to deliver them to the stars twinkling in the sky. Roughly 70,000 children have participated in the program over the past 22 years.

In fiscal 2022, online art was created by approximately 5,000 children from 31 local schools in seven countries and regions. The IHI Group continues to offer and promote opportunities for children to write cosmological couplets to encourage one another beyond countries and regions.

Additionally, as a way to try and create dialogue going beyond generations, we held activities where adults (including IHI top management) participated in making cosmological couplets, DX promotion (a video letter crossing over time zones), making memories of closing schools, and so on. We plan to launch these art pieces in summer 2023.

The IHI Group will continue to grow alongside elementary, junior high, and high school students through learning experiences to fulfill the dreams of children.

Corporate Citizenship

Environmental Protection

Incorporating NICO NICO Nadeshiko Activities

Since fiscal 2016, NICO Precision Co., Inc. has organized NICO NICO Nadeshiko activities in order to promote the active participation of women.

As part of this, we have been carrying out social contribution activities since fiscal 2019, and fiscal 2022 marked the fourth year of these activities. Divided into four groups, these activities include collecting Bellmark points, used stamps, PET bottles, and old clothing. Used stamps are donated to Minami-Uonuma City's Council of Social Welfare, PET bottles are used to help administer polio vaccines to children around the world, and used clothing is cut and reused for rags at work sites.

In fiscal 2022, we received cooperation and advice not only from our own employees, but also from IHI Group companies and business partners. While devising work strategies based on past experience, we made efforts to reach annual target collection goal.

As a part of environmental conservation, NICO Precision will continue conducting activities that can help the world by reusing old items close at hand.

Participation in Beach Cleaning Activities

The Setouchi Seaside Network Promotion Council, made up of municipalities along the coast of the Seto Inland Sea and local organizations belonging to the Ministry of Land, Infrastructure, Transport and Tourism, holds Refresh Setouchi beach cleaning activities to protect the beautiful Setouchi sea.

IHI Aioi Works is an active participant in Refresh Setouchi each year.

In fiscal 2022, approximately 75 participants contributed to bettering the environment around the Setouchi area by collecting garbage near the wharf that neighbors the Works.

The IHI Aioi Works will continue to take part in environmental protection activities in cooperation with local governments.

Reduce Environmental Impact

Environmental Management	087
Reduction of the Environmental Impact of Products and Services	091
Climate Change	092
Circular Economy	099
Conservation of the Global Environment	102

Environmental Management

Approach/Policies

The IHI Group implements management that embraces ESG values based on the desire to create a society where nature and technology work in unity.

Our environmental initiatives continue to work to reduce the environmental impact on society at large in an effort to combat climate change, establish a circular economy, and conserve the global environment.

As set forth in our IHI Group Basic Environmental Policy, our Group will continue to comply with all environmental laws and regulations as well as endeavor to reduce the environmental impact of our plants and offices in local regions while providing products and services that are friendly toward the global environment. In particular we regard measures to counteract climate change as an important issue, and using the amount of CO₂ emissions during the product/service life cycle as an indicator, propose conducting business in a way that goes hand in hand with carbon neutrality.

● IHI Group Basic Environmental Policy

As part of our responsibilities toward the global environment in accordance with the Basic Code of Conduct for the IHI Group, we have established the following guidelines conduct our activities.

Article 1. Establishment of Environmental Management System

To ensure continuous improvement of environmental management, the IHI Group establishes an environmental management system, sets specific objectives and executes an action and a performance evaluation.

Article 2. Complying with Environmental Laws and Regulations

The IHI Group complies with environmental-related laws and regulations/agreements, policies/plans in related industries, and strives to stipulate and apply independent management standards to enhance environmental management.

Article 3. Provision of Environmentally-friendly Products

The IHI Group provides the society with the products/services that contribute to reduce environmental burdens.

Article 4. Reduction in Environmental Burdens in Business Activities

The IHI Group strives to preserve environment and reduce the environmental burdens in its all business activities.

Article 5. Environmental Education

The IHI Group, through environmental education, raises awareness of all people engaging in operations, including officers, employees, and temporary staff of IHI Group companies, thereby they are able to act having concern with environmental problems on their own.

Article 6. Disclosure of Information

The IHI Group actively participates in the society, discloses information, and communicates to commune with local communities and preserve regional environment.

Environmental Management

Structure

Environment Committee

The IHI Group established the Environment Committee under the ESG Management Promotion Committee, chaired by the Officer in charge of Group ESG (Director, Managing Executive Officer), to lead environmental activities at every plant and office. The Group promotes and expands Environment Committee decisions at all Environmental Manager Liaison Groups in each business area and at the Headquarters Representative’s Office. After constructive deliberation, IHI raises awareness and expands these decisions to all Group companies.

Business areas and Business Units strive to reduce the Group’s environmental impact—a Group-wide risk management initiative—through capital investments to mitigate environmental risks, legal and regulatory compliance, energy saving, waste emission reductions, and more. The Group drafts action plans at the beginning of the fiscal year in line with each material subject and tracks progress as well as provides support using a PDCA cycle through the Environment Committee.

Environmental Management Systems Diagram



Environment Committee

Chairperson	Officer in charge of Group ESG
Secretariat	Corporate Planning Division, Administration Division
Members	Business areas, headquarters representative’s offices, and environmental general manager at the corporate divisions nominated by the Committee chairperson
Meetings convened in FY2022	3

Collection of Environmental Information

The IHI Group collects environmental data related to environmental management at all overseas affiliates and consolidated Group companies (subsidiaries).

Each Group company appoints both the environmental general manager and environmental manager to oversee the decision-making and expansion of environmental activities at their organization. As the smallest unit of environmental activities at each company, the environmental management centers appoint a site environmental manager to take charge of particular environmental activities. The Group companies encompassed by environmental management engage in a variety of different businesses. These entities include companies with production plants, companies overseeing engineering and on-site construction work, as well as companies focused on only administration. Each environmental management center verifies the flow of energy, water, and other resources and builds systems to efficiently collect environmental data.

Environmental Management

ISO 14001 (Environmental Management System)

The IHI Group has put in place Environmental Management Systems (EMS) at each primary production plant and other environmental management centers to manage environmental efforts with a PDCA cycle. Each of these environmental management centers is acquiring the ISO 14001 certification to ensure each established EMS satisfies international standards for environmental management.

These environmental management centers acquire the ISO 14001 certification through the most suitable review board based on each center's business activities.

ISO 14001 Internal and External Audits

The IHI Group always strives to enhance the level of environmental management through regular internal and external audits of each environmental management center. These audits evaluate the fitness and effectiveness of each EMS in accordance with ISO 14001 standards.

External audits conducted in fiscal 2022 did not find deficiencies at any of the ISO 14001-certified environmental management centers and affirmed that each EMS complied with all of the ISO 14001 requirements.

● ISO 14001 Certification Status

Targets	Item	FY2022
IHI and all affiliated companies	Number of sites	45
	Coverage rate (%)	81.3* ¹
IHI and affiliated companies in Japan	Number of sites	37
	Coverage rate (%)	59.7* ²
Affiliated companies overseas	Number of sites	8
	Coverage rate (%)	61.5* ²

*1 Based on amount of energy consumption.

*2 Based on number of sites.

Education/Awareness Building

Environmental Education

The IHI Group conducts environmental education which includes education programs and training for all employees and everyone in charge of environmental management at each environmental management center.

The Group has also designated every June as environment month. The IHI Group not only quizzes every employee on environmental topics but also shares information about going carbon neutral through an internal newsletter to heighten their environmental awareness.

In addition, its environmental management centers that have acquired the ISO 14001 certification provide education and training according to these ISO standards.

● Environmental Education and Training Participants

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

Eligible Participants	Curriculum	FY2021	FY2022
Employees	e-learning	4,625	—
	Environmental Quiz	4,220	1,992
Environmental Managers	Group Energy Efficiency Training*	Not conducted	88
	Group Waste Training	Not conducted	56

* Total number of participants for the Group Energy Efficiency Training held twice (some returning students).

Environmental Management

Targets and Results

The IHI Group drafts environmental action plans every three years and strives to engage in comprehensive environmental initiatives.

The IHI Group Environmental Action Plan 2019, a three-year environmental plan that began in fiscal 2019, was extended an extra year until fiscal 2022. The IHI Group Environmental Action Plan 2023 creates three major pillars for environmental initiatives from fiscal 2023 to fiscal 2025: measures against climate change, establishment of a circular economy, and conservation of the global environment.

● IHI Group Environmental Action Plan 2019 Targets and Results (FY2022)

(Scope: IHI and consolidated subsidiaries)

Action Plans	Targets	FY2022 Progress and Results
Reduce the environmental impact of products and services	Reduce the CO ₂ emissions of products and services	Executed initiatives to reduce the CO ₂ emissions of products and services.
Reduce the environmental impact in plants, offices, etc.	No major violation of environmental laws/regulations and environmental accidents	Achieved no major violation of environmental laws/regulations and environmental accidents.
	Reduce CO ₂ emissions intensity by at least 4% by FY2022 compared to FY2018	Reduced CO ₂ emissions intensity by 28.2% compared to 22.2 t-CO ₂ emissions per 100 million JPY in FY2018 to 15.9 t-CO ₂ emissions per 100 million JPY in FY2022.
	Reduce energy consumption intensity by at least 4% by FY2022 compared to FY2018	Reduced energy consumption intensity by 56.9% year on year from 39.3 TJ per 10 billion JPY in FY2018 to 17.0 TJ per 10 billion JPY in FY2022.
	Generate less waste each year between FY2019 and FY2022 than that generated in FY2018	Reduced waste generation by 20.6% compared to 29,010 tons in FY2018 to 23,044 tons in FY2022.
Cultivate human resources to promote environmental management	Reduce the amount of water withdrawal* each year between FY2019 and FY2022 than that used in FY2018	Water withdrawal increased by 3.5% compared to 4,182 thousand m ³ in FY2018 to 4,037 thousand m ³ in FY2022.
	Develop professionals who can carry out environment management	Provided energy efficiency and waste management training to members in charge of these duties.

* Changed from amount of water consumption to amount of water withdrawal since fiscal 2019.

● The IHI Group Environmental Action Plan 2023 (FY2023–2025)

Action Plans	Targets
Climate change	A 6,000t-CO ₂ reduction in Scope 1 and 2 with capital investment
	Reduce energy consumption intensity by 3% in FY2025 from that in FY2022
Circular economy	Reduce waste emissions by 3% or more in FY2025 from that in FY2022
	Review the definition of recycling rate and determine the amount of final waste disposal (more than 90wt% of all waste)
	Reduce water withdrawal by 3% or more in FY2025 from that in FY2022
Conservation of the global environment	Zero environmental accidents and environmental law violations

● Costs to Reduce the IHI Environmental Impact

(Unit: Millions of yen, Scope: IHI Corporation)

Item	FY2019	FY2020	FY2021	FY2022
Investments	652	334	357	563
Expenditures	78	23	92	151

● Environment-related Capital Investments (FY2022)

(Unit: Millions of yen, Scope: IHI plants and offices)

Category	Amount Invested*1	Main Items	Environmental Impact Mitigation*2	Risk Mitigation*2
Energy-saving/ climate change measures	127	Energy-saving/climate change measures	Energy consumption and CO ₂ emission reductions	No major violations of environmental laws/ regulations or environmental accidents
Environmental risk measures	432	Renewal of aged equipment, etc.		
PCB measures	3	Renewal and update of equipment containing PCBs		
Total*3	563			

*1 Environment-related capital and construction investments for IHI plants and offices made in fiscal 2022.

*2 IHI Corporation will consider additional approaches and examine the effectiveness in the future.

*3 The total for each item is rounded off and differs from the total shown in the breakdown.

Reduction of the Environmental Impact of Products and Services

Approach/Policies

In its Basic Environmental Policy, the IHI Group stipulates that it will provide society with products and services that contribute to reducing the burden on the global environment.

Based on this policy, it manages a system to certify products and services that are particularly outstanding among those contributing to conservation of the global environment and reducing environmental impact as environmentally-friendly products.

Moreover, as classification methods such as the EU taxonomy are currently being developed, the Group is also reviewing its scheme for certifying environmentally-friendly products.

Initiatives

Environmentally-friendly Products Certification Scheme

IHI's Environment Committee examines the environmental performance of products and services, certifying those that are especially outstanding as an environmentally-friendly product. These reviews evaluate whether environmental considerations have been incorporated at each stage of a product's life cycle (research and development, design, procurement, manufacturing, use, service, and disposal).

Certification Process of Environmentally-friendly Products



Results

Environmentally-friendly Products

Products and services certified as environmentally-friendly are listed in the following table.

Certified Products

Products and services

- Intake facility (Selective water withdrawal facility)
- LRT (Light Rail Transit)
- New Transit System
- Active Noise Control System
- Silencer/Enclosure
- Noise/Vibration Consultation
- Energy-saving Parking System NPC24H Tachikawa Midori-cho No.2 Parking Lot
- IHI IC Reactor
- LNG Smart Satellite
- Industrial photovoltaic power system
- Technology for cleaning, chipping, and cutting surfaces without using water
- Cycles Management System
- Turbochargers for Vehicles
- IWV-34C Vacuum Degreaser
- Toyosu Foresia Environmentally-friendly Building

Climate Change

Climate Change

Approach/Policies

The IHI Group sees taking measures against climate change as one important management issue and is doing everything possible to accomplish this.

Climate change has an enormous social and economic impact and is a vital social issue for companies to address in order to realize sustainability and one that the IHI Group believes it should focus on.

IHI Carbon-Neutral 2050

The IHI Group aims to be carbon-neutral in its processes overall by reducing the direct and indirect (Scope 1 and 2) greenhouse gas (GHG) emissions from its business activities as well as Scope 3 emissions from the upstream and downstream processes in its value chain.

IHI Carbon-Neutral 2050

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

- Goal for fiscal 2030

The IHI Group will cut the amount of its business activity GHG emissions in half by fiscal 2030 (Scope 1 and 2) compared to fiscal 2019.

P.93 Targets and Results

P.40 Innovation Management

Participation in Third-party Initiatives

TCFD

In May 2019, the IHI Group became a signatory to the Task Force on Climate-related Financial Disclosures (TCFD) by resolution of the Board of Directors. This framework plays a role as a tool to formulate strategies able to strengthen risk management and cultivate business opportunities.



GX League Basic Concept

In February 2022, the IHI Group endorsed the GX League Basic Concept announced by the Ministry of Economy, Trade and Industry, joining it in April 2023.

The GX League is a group of companies that are actively working on Green Transformation (GX), established as a forum for discussion on reforming socioeconomic systems and practices in their entirety for the creation of new markets, together with government, academics, and financial players who are also taking part in the GX challenge.



Climate Change

Structure

The IHI Group engages in environmental initiatives that include measures to combat climate change centered on the Environment Committee chaired by the Officer in charge of Group ESG (Director and Managing Executive Officer).

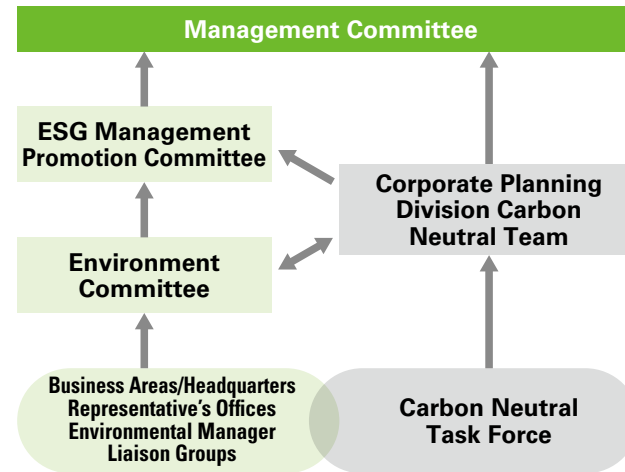
In fiscal 2021 the Group put together a task force comprising cross-divisional members for advocating carbon-neutral initiatives throughout the entire value chain. From fiscal 2022 this task force is being led by the General Manager of the Corporate Planning Division, with the Administration and Corporate Planning Divisions acting as the secretariat.

In fiscal 2023 the Company established a group in charge of carbon neutrality in its Corporate Planning Division to strengthen this setup. The group reports on its activities to the ESG Management Promotion Committee and other management team meetings to receive guidance and accelerate initiatives.

P.11 Sustainability Management

P.87 Environmental Management

● System for Achieving Carbon Neutrality



Targets and Results

The IHI Group aims to achieve carbon neutrality throughout its entire value chain by 2050.

In fiscal 2023 the Board of Directors set the goal of halving the GHG emissions (Scope 1 and 2) from our plants, offices, and other business establishments during fiscal 2019 by fiscal 2030.

To date, we have been focusing on Scope 1 and 2 based on the Japanese government's 46% reduction by 2030 policy (in comparison to fiscal 2013). However, in the IPCC AR6 Synthesis Report during March 2023, it was reported that further reductions in GHG emissions are necessary in order to keep the earth's temperature rise under 1.5°C. In accordance with this, we newly developed our goals for fiscal 2030. Since the IHI Group's new mid-term goal is based on fiscal 2019, it is one that surpasses Japanese government policy and recommendations made by the IPCC.

Possessing decarbonization technology, the IHI Group will take the lead in contributing toward the realization of a global carbon-neutral society through its efforts in achieving this goal.

Climate Change

CO₂ Emission and Energy Consumption Targets and Results (IHI Group Environmental Action Plan 2019)

(Scope: IHI and consolidated subsidiaries)

Action Plans	Targets	KPI	FY2018 Results (Base Year)	FY2021 Results		FY2022 Results	
					Reduction Rate		Reduction Rate
Reduce the environmental impact in plants, offices, etc.	Reduce CO ₂ emissions intensity* ¹ by at least 4% by FY2022 compared to FY2018	CO ₂ emissions intensity (t-CO ₂ /100 million JPY)	22.2	18.8	15.3%	15.9	28.2%
	Reduce energy consumption intensity* ¹ by at least 4% by FY2022 compared to FY2018	Energy consumption intensity (TJ/10 billion JPY)	39.3	20.0	49.1%	17.0	56.9%

*1 Net sales revenue as the denominator.

Greenhouse Gas (GHG) Emissions and Energy Consumption

(Scope: IHI and consolidated subsidiaries)

Item	FY2019	FY2020	FY2021	Presence/Absence of Third-party Verification	FY2022	Presence/Absence of Third-party Verification	
GHG	GHG emissions (Scope 1 + Scope 2)* ³ (t-CO ₂ e)	254,227	225,066	220,138	○	215,753	○
	Scope 1 (t-CO ₂ e)	64,724	58,517	64,270	○	61,469	○
	CO ₂ (t-CO ₂)	—	—	—	—	60,178	○
	CH ₄ (t-CO ₂ e)	—	—	—	—	447	○ (Domestic only)
	N ₂ O (t-CO ₂ e)	—	—	—	—	85	○ (Domestic only)
	HFCs (t-CO ₂ e)	—	—	—	—	469	○ (Domestic only)
	PFCs (t-CO ₂ e)	—	—	—	—	0	○ (Domestic only)
	SF ₆ (t-CO ₂ e)	—	—	—	—	290	○ (Domestic only)
	NF ₃ (t-CO ₂ e)	—	—	—	—	0	○ (Domestic only)
	Scope 2 (market-based) (t-CO ₂)	189,503	166,549	155,868	○	154,284	○
	GHG emissions intensity* ¹ (t-CO ₂ e/100 million yen)	18.3	20.2	18.8	—	15.9	—
Energy	Energy consumption* ^{2,3} (TJ)	2,468	2,283	2,348	○	2,294	○
	Fuel consumption (TJ)	1,044	974	1,084	○	1,019	○
	Electricity consumption (TJ)	1,398	1,276	1,229	○	1,230	○
	Heat consumption (TJ)	—	7	5	○	0	○
	Steam consumption (TJ)	0	0	0	—	0	—
	Renewable energy used (TJ)	26	26	31	○	45	○
	Energy consumption intensity* ¹ (TJ/10 billion yen)	17.8	20.5	20.0	—	17.0	—

*1 Sales revenue as the denominator.


*2 Changed the method of calculating energy consumption since fiscal 2019.

*3 The total value for each item is rounded off and may not match the figures in the breakdown.

CO₂ Emission and Energy Consumption Targets (FY2023–2025)

Action Plans	Targets	KPI
Climate change	A 6,000t-CO ₂ reduction in Scope 1 and 2 with capital investment	Reduced amount of GHG emissions (t-CO ₂)
	Reduce energy consumption intensity by 3% in FY2025 from that in FY2022	Energy consumption intensity (TJ/10 billion JPY)

Third-party Verification of Data

JQA		No.1811004585
Environmental Information Independent Verification Report		
To: IHI Corporation		
<p>1. Objective and Scope</p> <p>Japan Quality Assurance Organization (hereafter, "JQA") was engaged by IHI Corporation (hereafter, "the Company") to provide an independent verification on "FY2022 IHI Group Environmental Data" (hereafter, "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding GHG emissions, energy consumption, water withdrawal, water discharge and waste discharge (hereafter, "the Environmental Information") in the Report was correctly measured and calculated, in accordance with the "FY2022* IHI Group Environmental Information Collection and Calculation Rule" (hereafter, "the Rule"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Environmental Information.</p> <p>*The fiscal year 2022 of the Company ended on March 31, 2023.</p>		
<p>2. Procedures Performed</p> <p>JQA conducted verification in accordance with "ISO 14064-3" for GHG emissions, and with "ISAE3000" for energy consumption, water withdrawal, water discharge and waste discharge respectively. The organizational boundaries of this verification include the head office of IHI Corporation, sixty-three domestic sites and thirteen overseas sites of the IHI Group. The scope of this verification assignment covers Scope 1 & 2 GHG emissions, energy consumption, water withdrawal, water discharge, general waste discharge, industrial waste discharge, hazardous waste discharge and valuables for domestic sites, and Scope 1 & 2 CO₂ emissions, energy consumption, water withdrawal, water discharge, waste discharge and valuables for overseas sites. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent of each subject of the Environmental Information in the Report.</p> <p>Our verification procedures include:</p> <ul style="list-style-type: none"> Performing validation of integrated functions to check the Rule prior to the on-site assessment. Conducting on-site verification at the Company's four domestic sites: IHI AEROSPACE Tomioka Plant, IHI Soma No.1 Aero-Engine Works, IHI Soma No.2 Aero-Engine Works and IHI Castings Soma Plant. The location of sampling sites for on-site assessment were selected by the Company. On-site assessment to check the Reports' scope and boundaries; monitoring points of energy consumption, water withdrawal and discharge; GHG emission sources; waste discharge; and monitoring and calculation system. Vouching: Cross-checking the activity data against evidence. 		
<p>3. Conclusion</p> <p>Based on the procedures described above, nothing has come to our attention that has caused us to believe that the Environmental Information in the Report is not materially correct or has not been prepared in accordance with the Rule.</p>		
<p>4. Considerations</p> <p>The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of the Environmental Information in the Report only. There is no conflict of interest between the Company and JQA.</p>		
<p> Sumio Asada, Board Director For and on behalf of Japan Quality Assurance Organization 1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan July 25, 2023</p>		

Climate Change

Initiatives

Initiatives to Become Carbon Neutral

In order to reach our 2050 goal to achieve carbon neutrality throughout the entire value chain, we have begun incorporating the following transition plan.

● Transition Plan to Become Carbon Neutral

Items Under Our Transition Plan		Overview	Related Items
Governance		<ul style="list-style-type: none"> Confirmation regarding our goals, measures, and achievements to realize IHI Carbon-Neutral 2050 at our Board of Directors meeting Implementation of planning, practices, and evaluation at our ESG Management Promotion Committee meeting 	P.11
Scenario analysis		Reflecting scenario analyses for our four major business domains in their strategies	P.96–98
Finance plan		Formulating and executing a financial plan for IHI Carbon-Neutral 2050	Plans currently under development
Value chain engagement and low carbon initiatives	Supply chain engagement	Conducting supplier engagement, self-assessment questionnaires, and emission surveys	P.81
	Customer engagement	Presenting development stories	P.79
	Expanding our portfolio of low-carbon products and services	Increasing our development, marketing, and sales of decarbonized products	P.41
	Efforts to reduce emissions in direct operations	Incorporation into production and equipment planning by an expert task force	P.93, P.95
Risks and opportunities		Engineering methods to minimize risks and maximize opportunities in response to climate change	P.97–98
Targets		<ul style="list-style-type: none"> Achieve carbon neutrality throughout the entire value chain by 2050 Compared to FY2019, reduce Scope 1 and 2 emissions in half by 2030 	P.92
Scope 1, 2, and 3		<ul style="list-style-type: none"> Amount of IHI Group's Scope 1, 2, and 3 emissions Scope 1 and 2 emissions are third-party verified 	P.94

● Initiatives to Become Carbon Neutral

Business operations	Procurement	<ul style="list-style-type: none"> Partner with eco-friendly businesses
	Production	<ul style="list-style-type: none"> Pioneer the adoption of new technologies, including for in-house products and systems Fuel conversion Use of renewable energy
Products and services	Improve current technologies Transition	<ul style="list-style-type: none"> Enhance efficiency of current power plants Lighten and electrify products Utilize renewable energy
	Introduce new technologies Transformation	<ul style="list-style-type: none"> Use hydrogen and ammonia Recycle carbon

Reducing CO₂ Emissions from Business Activities

The IHI Group makes every effort to reduce CO₂ emissions from plants, offices, and other business establishments by both actively pursuing energy-efficient business practices and promoting the use of low-carbon energy.

Its energy-efficient initiatives not only enhance operations but also make all the necessary capital investments. The Group has put in place energy management standards to drive these operational improvements. These standards aim to provide ideal operation conditions and criteria to review operational management. These standards also become a knowledge base to conduct training on energy efficiency through outside experts in an effort to heighten the management quality of Managers.

The Group's capital investments systematically renew aged equipment with energy-efficient equipment and adopt renewable energy sources. Another aspect important to reducing CO₂ emissions is shipping and transport. The IHI Group strives to promote modal shifts through greater load efficiency and active use of marine vessels.

Climate Change

Information Disclosure Based on TCFD Recommendations

Governance

The IHI Group has a duty to contribute to society and the environment in a way that will realize a sustainable society. We know management with clearly defined values is essential to governance making these contributions possible.

We have identified issues considered important toward this ESG Management as material issues, and have established the ESG Management Promotion Committee as a forum for discussing and deciding policies, implementation methods, and plans of action. The ESG Management Promotion Committee is chaired by the Chief Executive Officer and consists of officers at the executive level and above. In addition to this, we put a Group-wide Environment Committee and a task force in place to advocate for carbon-neutral initiatives.

Amid discussions at these meetings and committees, matters related to important management decision-making are deliberated on by the Management Committee, which serves as the decision-making body for management execution, and are then submitted to the Board of Directors.

The IHI Group regards combating climate change as an important ESG management issue, and is managed by the ESG management promotion system above.

P.11 Sustainability Management (Structure)

Strategy

The IHI Group promotes efforts to mitigate climate change through reduction in two steps: (1) Reducing greenhouse gas emissions by utilizing existing technology and equipment and (2) Building new technology and techniques. We will steadily continue these efforts to

achieve carbon neutrality throughout the value chain. By expanding the existing life-cycle business of our IHI Group products to our customer value chain and by improving the value we provide, we contribute to the realization of carbon neutrality for our customers. We invest management resources derived through our life-cycle business from a customer value chain perspective into the development of new technologies and systems that contribute to carbon neutrality as well as growth business and development-focus business, aiming for both carbon neutrality and increased sustainable growth. Moreover, by actively introducing these new technologies and systems within the IHI Group, this will in turn lead the early realization of carbon neutrality in our business activities.

Risk and Opportunity Due to Climate Change

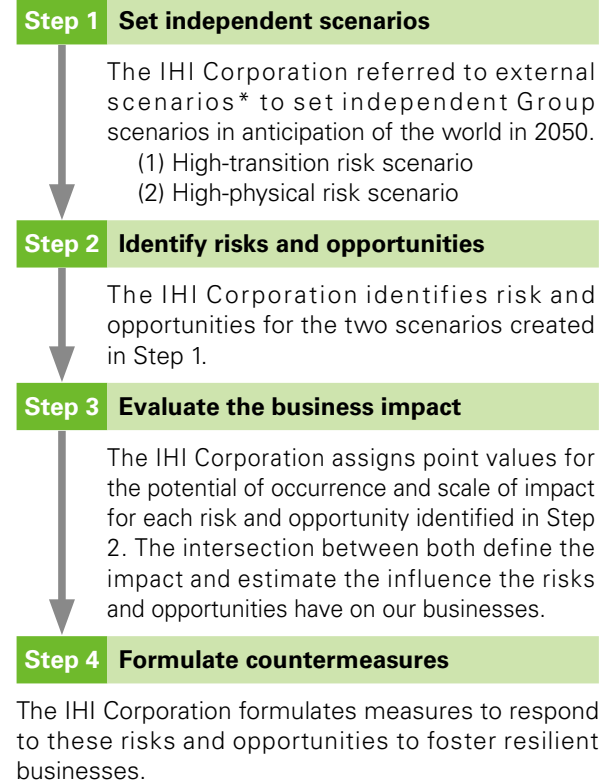
The IHI Group conducted simple scenario analyses of four business domains significantly impacted by climate change: the energy business, bridge and water gate business, vehicle turbocharger business, and the civil aero engine business.

The first step set (1) a carbon-neutral world as the highest transition risk and (2) a world greatly impacted by climate change as the highest physical risk in our own independent scenarios drafted with reference to external scenarios created by the International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC). The second step identified risks and opportunities for all four business domains. The third step assessed the impact each business has. The fourth and last step drafted countermeasures according to our findings.

In the future, the IHI Group will enhance its ability to leverage scenario analyses in business strategy through efforts, such as assessing the financial impact of climate change. The IHI Group will proactively incorporate the concepts pursued by TCFD signatories in management policies and business strategies, contributing not only to

the sustainable development of our Company, but society as a whole.

Scenario Analysis Process



* External reference scenarios:

- A carbon-neutral world
IPCC RCP 2.6, IEA 2DS Scenario, etc.
- A world greatly impacted by climate change
IPCC RCP 8.5, etc.

Climate Change

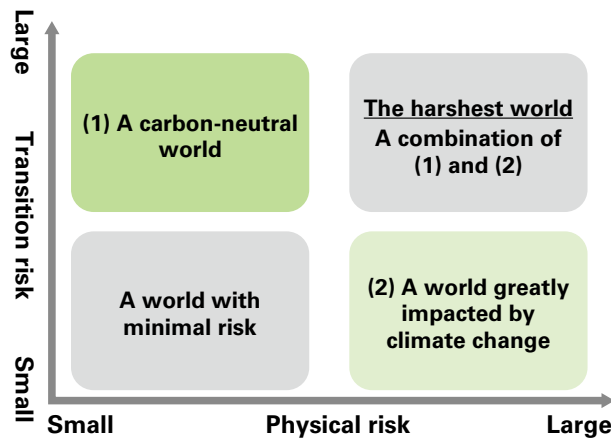
● **IHI Group Scenarios**

(1) High-transition risk scenario

This scenario presents (1) a carbon-neutral world where society at large shifts to mitigate climate change and stop all greenhouse gas emissions.

(2) High-physical risk scenario

This scenario presents (2) a world greatly impacted by climate change that needs to adapt to the physical impact and directly confront drastic devastation by natural disasters.



Countermeasures set to address the two extreme worlds anticipated by these IHI scenarios enhance the resilience of IHI Group businesses against future risks.

The IHI Group can also reduce risks against the harshest world facing both these scenarios at the same time by integrating the countermeasures for each.

The IHI Group divides the risks and opportunities identified for each of the four business domains and the countermeasures into two categories: **1. risks, opportunities, and countermeasures specific to each business** and **2. risks, opportunities, and countermeasures shared across all businesses.**

Risks, opportunities, and countermeasures in 1. are shown in the table below while those in 2. are shown in the table on the next page.

● **1. Main Risks, Opportunities, and Countermeasures Specific to Each Business (Four Main Business Domains)**

	Energy Business	Bridge and Water Gate Business	Vehicle Supercharger Business	Civil Aero Engine Business
(1) Risks, Opportunities, and Main Countermeasures in a Carbon-neutral World				
Risks	<ul style="list-style-type: none"> Declining demand for large fossil fuel power generation equipment 	<ul style="list-style-type: none"> Increasing procurement costs (carbon tax, etc.) for materials with high CO₂ emissions (concrete, steel, etc.) 	<ul style="list-style-type: none"> Declining demand for combustion engine vehicles unable to address carbon-neutral requirements and a falling demand for existing turbochargers 	<ul style="list-style-type: none"> Declining demand for aircrafts due to carbon-neutral requirements and standardization of alternative high-speed means of transportation
Opportunities	<ul style="list-style-type: none"> Increasing demand for fuel conversion, carbon capture and storage (CCUS), and other decarbonization technologies Increasing demand for regulated power supplies, storage energy, and Power-to-X to provide a stable energy supply as renewable energy becomes the standard 	<ul style="list-style-type: none"> Increasing demand for roads (bridges and tunnels) to provide a more efficient transportation network Increasing demand for railway construction due to expansion of railway systems overseas 	<ul style="list-style-type: none"> Potential to secure market competitiveness and leverage an increase in demand for turbochargers by being first to market with new turbocharger products (electric products in addition to existing models) for carbon-neutral electric vehicles (PHEV, HEV, FCV, etc.) 	<ul style="list-style-type: none"> Increasing demand for the development of aircraft engines supporting carbonneutral requirements and a rise in opportunities due to electrification of engines and utilization of advanced material technologies.
Main countermeasures	<ul style="list-style-type: none"> Rapidly deploy carbon-neutral technologies to society Promote technological development to stabilize the energy supply Expand the life-cycle business through remote monitoring and other Internet of Things (IoT) technologies 	<ul style="list-style-type: none"> Reduce construction schedules and labor costs by labor-saving, remotization, and improving construction methods through promoting digital transformation (DX) 	<ul style="list-style-type: none"> Rapid development and commercialization of turbochargers for electric vehicles that comply with carbon-neutral requirement trends 	<ul style="list-style-type: none"> Early commercialization of electric engines and advanced technologies such as advanced composites.
(2) Risks, Opportunities, and Main Countermeasures in a World Greatly Impacted by Climate Change				
Risks	<ul style="list-style-type: none"> Extreme delays due to on-site construction stoppages or disasters caused by frequent severe weather 	<ul style="list-style-type: none"> Extreme delays due to on-site construction stoppages or disasters caused by frequent severe weather 	<ul style="list-style-type: none"> Suspension of production due to disrupted supply chains caused by frequent severe weather 	<ul style="list-style-type: none"> Suspension of production due to disrupted supply chains caused by frequent severe weather
Opportunities	<ul style="list-style-type: none"> Contributing to early recovery of equipment damaged in severe weather Increasing demand for digital technologies to promote labor saving and remote operation 	<ul style="list-style-type: none"> Increasing demand to build robust national infrastructure Contributing in early recovery of infrastructure damaged in severe weather 	<ul style="list-style-type: none"> No opportunities unique to our business 	<ul style="list-style-type: none"> No opportunities unique to our business
Main countermeasures	<ul style="list-style-type: none"> Expand the life-cycle business through remote monitoring and other Internet of Things (IoT) technologies 	<ul style="list-style-type: none"> Expand business beyond life-cycle business with wider perspective to include disaster prevention business Create technologies and systems that contribute to maintenance, disaster prevention, disaster mitigation, and quick recovery of infrastructure 	<ul style="list-style-type: none"> Strengthen supply chains 	<ul style="list-style-type: none"> Strengthen supply chains

Climate Change

2. Main Risks and Countermeasures Shared Across All Businesses

(1) Transition Risks and Countermeasures for a Carbon-neutral World		
Category	Main Items	Main Countermeasures and Transitioning to Opportunities
Policy and legal	Introduction of carbon taxes, stronger industrial waste regulations, raising costs due to the adoption of renewable energy and energy-efficient equipment, etc.	Reduce costs in business activities through efficient production and distribution as well as the proper management of energy consumption
Technology	Raising costs due to research to realize carbon-neutral products and services, failed technological development, etc.	Concentrate investments in technological development while staying acutely aware of policies, technologies, markets, and other social trends
Market	Declining demand for products and services with high CO ₂ emissions, etc.	Actively draft and promote business plans that always anticipate multiple business scenarios to adapt to dramatic changes in market structures
Reputation	Lost opportunities due to poor evaluations of our response to climate change, declining social credibility, etc.	Disseminate easy-to-understand information about products and services that can help both mitigate and adapt to climate change

(2) Physical Risks and Countermeasures in a World Greatly Impacted by Climate Change		
Category	Main Items	Main Countermeasures
Acute/Chronic	Ceased business activities due to damaged offices and business sites caused by typhoons, floods, or other natural disasters, etc.	<ul style="list-style-type: none"> • Incorporate the response to climate change into the business continuity plans of plants and offices to ensure the safety of Officers and employees and strengthen the supply chain • Draft, execute, and manage advance measures in anticipation of foreseeable flood damage

Risk Management

In addition to short-term business risks, the IHI Group also manages sustainability-related risks that affect the medium- to long-term business environment as a risk to conducting business. In particular we assess the medium- to long-term impact of these risks to the IHI Group and convert them into short-term business risks. The Group has clarified the roles and responsibilities of its Internal Audit Division, corporate divisions, business areas, and business divisions (including affiliated companies), which are managed under a multi-layered risk management framework.

P.35 Risk Management

Metrics and Targets

Under Carbon-Neutral 2050, the IHI Group has pledged to make its entire 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) greenhouse gas emissions from our business activities as well as Scope 3 emissions from the upstream and downstream processes in our value chain.

For greenhouse gases (Scope 1 and 2), we have set a target to halve our emissions from fiscal 2019 by fiscal 2030.

P.92 Climate Change (Approach/Policies)

P.93 Climate Change (Targets and Results)

P.95 Climate Change (Initiatives)

Circular Economy

Approach/Policies

The IHI Group properly manages waste and water resources and strives to enhance resource efficiency and reduce the environmental impact to realize a sustainable society.

We advocate the reduction, reuse, and recycling (3Rs) of waste and properly manage and dispose of any waste produced by each environmental management center.

Our water resource initiatives carefully manage water use and work to prevent any pollutants from reaching water resources through a deliberate water supply from stable water resources and proper equipment maintenance.

The IHI Group has laid out chemical substance initiatives in the Basic Policy on Chemicals Information Management. The goal of this policy is to identify prohibited and controlled substances regulated by both legal and customer requirements in each region and country where our products and services are available. The impact of IHI Group products and services on human health and the environment can be reduced by identifying and managing the chemical substances contained in products along the supply chain.

● 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.

Structure

The IHI Group deliberates and decides on the approach and important matters of circular resources through the Environment Committee, a Group-wide body chaired by the Officer in charge of Group ESG.

P.87 Environmental Management

Circular Economy

Targets and Results

● Waste Emissions and Water Withdrawal Targets and Results (IHI Group Environmental Action Plan 2019)

(Scope: IHI and consolidated subsidiaries)

Action Plans	Target	KPI	FY2018 Results (Base Year)	FY2021 Results		FY2022 Results	
				Reduction Rate	Reduction Rate		
Reduce the environmental impact in plants, offices, etc.	Generate less waste each year between FY2019 and FY2022 than that generated in FY2018	Waste generated (tons)	29,010	23,633	18.5%	23,044	20.6%
	Reduce the amount of water withdrawal* each year between FY2019 and FY2022 than that used in FY2018	Water withdrawal (1,000 m ³)	4,182	4,195	-0.3%	4,037	3.5%

* Changed from amount of water consumption to amount of water withdrawal since fiscal 2019.

● Waste Emissions and Water Withdrawal Targets (FY2023–2025)

Action Plans	Target	KPI
Establishing a circular economy	Reduce generated waste by 3% or more in FY2025 from that in FY2022	Waste generated (tons)
	Review the definition of recycling rate and determine the amount of final disposal (more than 90wt% of all waste)	Recycling rate (%)
	Reduce water withdrawal volume by 3% or more in FY2025 from that in FY2022	Water withdrawal (1,000 m ³)

● Waste Emissions and Water Withdrawal/Waste Water


(Scope: IHI and consolidated subsidiaries)

Item	FY2019	FY2020	FY2021	FY2022	Presence/Absence of Third-party Verification	
Waste	Waste generated (tons)	27,564	20,912	23,633	23,044	○
	Toxic waste generated (tons)	164	182	255	156	○ (Domestic only)
	Amount recycled*1 (tons)	61,799	15,067	16,164	17,869	○
Water	Water withdrawal*2 (1,000 m ³)	4,251	4,008	4,195	4,037	
	Public water (1,000 m ³)	750	651	664	670	
	Industrial water (1,000 m ³)	868	799	792	737	○
	Groundwater (1,000 m ³)	1,948	1,731	1,691	1,451	
	Rainwater, rivers, lakes, etc. (1,000 m ³)	685	827	1,047	1,180	
Waste water (1,000 m ³)	—	3,373	3,265	3,181	○	

*1 Waste reclaimed as valuable resources.

*2 The total value for each item is rounded off and may not match the figures in the breakdown.

● Third-party Verification of Data

JQA		Environmental Information Independent Verification Report		No.1811004585
To: IHI Corporation				
1. Objective and Scope				
Japan Quality Assurance Organization (hereafter, "JQA") was engaged by IHI Corporation (hereafter, "the Company") to provide an independent verification on "FY2022 IHI Group Environmental Data" (hereafter, "the Report"). The content of our verification was to express our conclusion, based on our verification procedures, on whether the statement of information regarding GHG emissions, energy consumption, water withdrawal, water discharge and waste discharge (hereafter, "the Environmental Information") in the Report was correctly measured and calculated, in accordance with the "FY2022 IHI Group Environmental Information Collection and Calculation Rule" (hereafter, "the Rule"). The purpose of the verification is to evaluate the Report objectively and to enhance the credibility of the Environmental Information.				
*The fiscal year 2022 of the Company ended on March 31, 2023.				
2. Procedures Performed				
JQA conducted verification in accordance with "ISO 14064-3" for GHG emissions, and with "ISAE3000" for energy consumption, water withdrawal, water discharge and waste discharge respectively. The organizational boundaries of this verification include the head office of IHI Corporation, sixty-three domestic sites and thirteen overseas sites of the IHI Group. The scope of this verification assignment covers Scope 1 & 2 GHG emissions, energy consumption, water withdrawal, water discharge, general waste discharge, industrial waste discharge, hazardous waste discharge and valuables for domestic sites, and Scope 1 & 2 CO ₂ emissions, energy consumption, water withdrawal, water discharge, waste discharge and valuables for overseas sites. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent of each subject of the Environmental Information in the Report.				
Our verification procedures include:				
<ul style="list-style-type: none"> Performing validation of integrated functions to check the Rule prior to the on-site assessment. Conducting on-site verification at the Company's four domestic sites: IHI AEROSPACE Tomioka Plant, IHI Soma No.1 Aero-Engine Works, IHI Soma No.2 Aero-Engine Works and IHI Castings Soma Plant. The location of sampling sites for on-site assessment were selected by the Company. On-site assessment to check the Reports' scope and boundaries; monitoring points of energy consumption, water withdrawal and discharge; GHG emission sources; waste discharge; and monitoring and calculation system. Vouching: Cross-checking the activity data against evidence. 				
3. Conclusion				
Based on the procedures described above, nothing has come to our attention that has caused us to believe that the Environmental Information in the Report is not materially correct or has not been prepared in accordance with the Rule.				
4. Considerations				
The Company was responsible for preparing the Report, and JQA's responsibility was to conduct verification of the Environmental Information in the Report only. There is no conflict of interest between the Company and JQA.				
 Sumio Asada, Board Director For and on behalf of Japan Quality Assurance Organization 1-25, Kanda-sudacho, Chiyoda-ku, Tokyo, Japan July 25, 2023				

Circular Economy

Initiatives

Waste

The IHI Group strives to reduce waste by improving production yield at plants as well as sorting and recovering resources from waste.

To ensure that all waste is disposed of properly, the Group's waste management initiatives also review collection, transportation, and waste disposal contracts, verify final disposal through digital manifests, and confirm circumstances on-site at intermediate and final waste disposal sites.

Cooperation with Third Parties to Reduce Waste

The IHI Group works with expert consultants to operate a waste management system to reduce the amount of waste generated at its plants and offices. By thoroughly understanding the quantity and type of waste, the Group ensures compliance with laws and regulations which leads to waste reduction.

Water Resources

The IHI Group primarily uses public and industrial water as water resources. In regions with abundant underground and river water resources, the Group uses these resources in combination with public water carefully to reduce its risk of obstruction to stable water withdrawal. Therefore, each plant and office considers the water quality and quantity necessary for its use and chooses the best resource to withdrawal water.

In particular, the Group purifies and distributes underground water through a relatively easy manner in regions with potable underground water. Cooling water for heat treatment furnaces and other equipment uses river or sea water instead of potable water. The Group also uses heat exchangers to avoid pollution risks during water discharge. In addition, sprinklers on its grounds reuse water processed through tertiary treatment as an alternative to public water as much as possible.

Water Risk Survey (On-site Surveys)

In fiscal 2022, the IHI Group conducted various surveys centered on water risks at five different sites. Water risks refers to risks of waste water from its plants, offices, and other business establishments contaminating public waters. By conducting site surveys, the Group is working to confirm that water is being managed appropriately and to raise awareness of water risks.

Specific Efforts to Reduce Water Use

The IHI Group creates a graph of the monthly water intake at each environmental management center and compares it over time to raise awareness about reducing water consumption. By monitoring the monthly changes in water withdrawal, it expects the data will help the Group discover any leakage quickly.

Chemical Substances

The IHI Group strictly manages the chemical substances used in its plants in order to reduce the risk of soil, water, and air pollution due to leaks, etc. The Group must not only safely manage their use but also in every process, from warehousing to disposal.

The Group prevents leakage of chemical substances during procurement and transport and regularly verifies and inspects the retaining storage walls, deterioration on interior walls, and corrosion of transfer pipes. It regularly repairs equipment with any deterioration or aging found during these inspections.

Each of its plants is updating of Safety Data Sheets (SDS: a document that describes the hazards of chemical substances) in accordance with changes to laws and regulations regarding regulated substances.

Chemical Substances Contained in Products

The IHI Group responds to the addition of regulated substances, changes in control values, and strengthening of rules based on laws and regulations or customer requirements in the case of chemical substances contained in products. The Group aggregates data about the chemical substances contained in products throughout the supply chain and confirms whether any chemicals are prohibited or exceed acceptable levels. It is also furthering a system to provide customers with information on the chemical substances contained in IHI products.

Conservation of the Global Environment

Approach/Policies

In conducting business operations, the IHI Group emphasizes compliance with environmental laws and regulations, as well as the prevention of environmental accidents, as the top priority for environmental activities at Group sites. The Group also considers the reduction of the environmental impact associated with its business operations to be an important issue, and has set it as one of the environmental targets for the Group sites.

Structure

The IHI Group deliberates and decides on the approach and important matters of environmental conservation through the Environment Committee, a Group-wide body chaired by the Officer in charge of Group ESG. 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.87 Environmental Management

Management of Impacts Related to Wastewater

The IHI Group manages wastewater discharged from offices, plants, and other business establishment in conformity with national effluent standards as well as local rules and legislation in the areas where the wastewater is discharged.

Each office, plant, and business establishment selects a discharge destination and checks the wastewater standard value according to the location conditions and the state of social infrastructure development. In addition, in order to ensure compliance with wastewater standards, the Group has established independent management standards and monitor wastewater on a daily basis.

Targets and Results

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 2022, the IHI Group had no major environmental accidents or legal violations affecting management.

Targets and Results of Major Laws/Regulations Violations and Environmental Accidents

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

Action Plan	Target	FY2021 Results	FY2022 Results
Reduce the environmental impact in plants, offices, etc.	No major violations of environmental laws/regulations and environmental accidents	0	0

Targets of Major Laws/Regulations Violations and Environmental Accident (FY2023–2025)

Action Plan	Target
Conservation of the global environment	No major violations of environmental laws/regulations and environmental accidents

Number of Environmental Accidents and Violations of Law

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

Item	FY2019	FY2020	FY2021	FY2022
Significant environmental accidents	0	0	0	0
Major violation of environmental laws/regulations	0	0	0	0
No. 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
HFCs	—	—	469

Volatile Organic Compounds Emissions (Unit: Tons)

Item	FY2022	Scope of Data
Toluene	48	IHI Group sites that have submitted notification in accordance with the PRTR system by end of June 2023
Xylene	59	
Ethylbenzene	37	
Tetrachloroethylene	2	

Ratio of Treated Toxic Waste (Waste Containing PCBs)

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

Item	FY2020	FY2021	FY2022	
Ratio of treated toxic waste (waste containing PCBs)	Electrical equipment containing high-concentration PCBs	99.7	99.9	100
	Electrical equipment containing low-concentration PCBs	98.1	94.0	97.5
	Fluorescent lamps	44.5	58.8	69.5

Chemical Substance Emissions/ Substances Transferred

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

Item	FY2020	FY2021	FY2022	
Chemical substances	Emissions (atmosphere, public bodies of water, soil)	—	—	152
	Transferred amount (sewage/waste)	—	—	85

Conservation of the Global Environment

Initiatives

The IHI Group emphasizes cooperation with the local communities in each region where IHI has business operations to advance environmental conservation activities according to each area's unique needs. These efforts include agreements to prevent pollution with local government agencies and residents.

Water Pollution Prevention

The IHI Group monitors the quality of water discharged from offices, plants, and other business establishments. By defining and managing water discharge according to independent standards which are stricter than wastewater standards for each wastewater destination, the Group ensures the protection of water quality of public waters from oceans to rivers where this water is discharged. Specifically, it carries out regular voluntary water sampling and analysis, daily patrol inspections of discharge outlets, maintenance of wastewater treatment facilities, and planned renewal of aging equipment and meters.

The IHI Group also prioritizes measures to prevent leaks from unseen underground pipes as a key issue. The Group's other initiatives include measuring the amount of water in specific areas, systematic replacement of underground pipes, and creating underground piping blueprints.

Soil Contamination Prevention

The IHI Group identified specific areas at offices, plants, and other business establishments that use hazardous substances and other chemicals. The Group strives to prevent leaks of chemical substances by establishing operational procedures and periodic patrols.

The Group manages 68 old plant sites and production plants with a database that compiles survey results for the usage history of specific harmful substances* and oils. This survey data is used as a starting point for preliminary investigations when restructuring land that will become a production plant.

* Harmful chemical substances refer to lead, hexavalent chromium, mercury, and other substances listed in Article 2 of the Japan Soil Contamination Countermeasures Act.

Chemical Resources

In order to prevent contamination due to leaks of oil, chemicals, etc. used in our offices, plants, and other business establishments, the IHI Group maintains Safety Data Sheets (SDS), fully grasps hazard information, and optimally manages chemical substances according to their properties.

Regarding chemical substances subject to the Law concerning Pollutant Release and Transfer Register (PRTR Law), the Group identifies and manages the amount of emissions into the air, public waters, and soil, and the amount discharged to sewers and waste and provides proper notifications in accordance with laws and regulations.

The Group is also suppressing emissions of Volatile Organic Compounds (VOCs) into the atmosphere in accordance with the Voluntary Action Plan for Establishing a Sound Material-Cycle Society by the Japan Society of Industrial Machinery Manufacturers.

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, 2023, the Group has successfully disposed of 100% of electrical equipment containing high-concentration PCBs and 97.5% of electrical equipment containing low-concentration PCBs. For fluorescent lamp, 69.5% processing has been completed.

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.

Examples of Biodiversity Conservation Initiatives

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.80 Supply Chain Management web IHI Group Procurement Policy
Production/Processing	<ul style="list-style-type: none"> Energy conservation activities, making use of low-carbon energy Reducing water consumption by monitoring water intake Wastewater management based on environmental laws and regulations 	P.92 Climate Change P.99 Circular Economy P.102 Conservation of the Global Environment
Logistics	<ul style="list-style-type: none"> Improving loading efficiency and promoting modal shift through the active use of ships 	P.92 Climate Change
Retail	<ul style="list-style-type: none"> Product sales that contribute to achieving carbon neutrality 	P.91 Reduce the Environmental Impact of Products and Services
Maintenance/Disposal/Recycling	<ul style="list-style-type: none"> Development of life-cycle businesses leading to energy and resource conservation as well as product longevity 	P.4 Basic Information (Medium-term Management Plan)
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.82 Corporate Citizenship
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.40 Innovation Management
Fundraising	<ul style="list-style-type: none"> Allocating funds raised through transitional bonds 	web Sustainable Finance

Performance Data

Non-financial Summary

Material Issues	Theme	Index	Scope of Data	Results				
				FY2019	FY2020	FY2021	FY2022	
Governance – Principled Corporate Management –								
Corporate governance	Corporate governance	Average attendance of Outside Directors	Board of Directors meetings (%)	IHI	98	97	100	99
		Average attendance of Outside Audit & Supervisory Board Members	Board of Directors meetings (%)	IHI	100	100	98	98
			Audit & Supervisory Board meetings (%)	IHI	100	100	100	100
Compliance	Legal compliance	Number of law violations	Competition laws	IHI and consolidated subsidiaries	0	0	0	0
			Anticorruption laws	IHI and consolidated subsidiaries	0	0	0	0
			Laws/regulations relating to PR activities	IHI and consolidated subsidiaries	0	0	0	0
		Expenditure to organizations	Political organizations (millions of yen)	IHI	10	10	10	10
			Economic organizations (millions of yen)	IHI	56	57	52	55
			Other major industry organizations (millions of yen)	IHI	120	122	119	122
		Number of Compliance Hotline reports		IHI and affiliated companies	239	202	263	286
		Number of compliance training participants	Officer Training	IHI and subsidiary companies in Japan	—	—	—	—
			Line Manager Training	IHI and subsidiary companies in Japan	72	—	—	—
			Quality & Compliance Training (Japan)	IHI and subsidiary companies in Japan	27,866	24,085	26,243	25,870
			Quality & Compliance Training (overseas)	Subsidiary companies overseas	1,774	3,261	4,938	5,334
			e-learning*1 (Japan)	IHI and subsidiary companies in Japan	18,164	20,169	21,659	21,635
e-learning (overseas)	Subsidiary companies overseas		1,214	—	—	—		
Innovation management	Intellectual property protection	Regional comparison in number of our patents	Patents in Japan	IHI	4,150	3,867	3,866	3,989
			Patents overseas	IHI	3,502	3,808	3,936	3,818
Information security	Information security measures	Information security measures level evaluation (out of five) (score)		IHI and consolidated subsidiaries	3.2	3.4	3.7	3.7

*1 Conducted as Quality & Compliance Training since fiscal 2020.

Non-financial Summary

Material Issues	Theme	Index	Scope of Data	Results			
				FY2019	FY2020	FY2021	FY2022
Society – Materialize an Affluent Society –							
Improving occupational health and safety standards	Occupational health and safety	Participation rate of medical check-ups (%)	IHI and 35 affiliated companies	—	—	97	96
		Participation rate of medical check-ups (%)	IHI and 35 affiliated companies	71	72	71	72
		Participation rate of stress checks (%)	IHI and 35 affiliated companies	94	95	95	97
		High stress rate (%)	IHI and 35 affiliated companies	—	—	9	9
		Absenteeism (Ratio of employees who take three or more months of leave) (%)	IHI and 35 affiliated companies	1.0	0.8	0.7	1.3
		Presenteeism (Ratio of employees with restricted hours) (%)	IHI and 35 affiliated companies	1.6	2.1	1.8	1.7
		Smoking rate (%)	IHI and 35 affiliated companies	27	27	28	25
		Rate of occupational diseases* ²	IHI and 31 affiliated companies	0.165	0.15	0.118	0.098
		Total injuries frequency rate* ³	IHI and 31 affiliated companies	1.49	0.87	1.23	1.37
		Lost time injuries frequency rate* ⁴	IHI and 31 affiliated companies	0.40	0.28	0.38	0.39
		Occupational accidents* ⁵	IHI and 31 affiliated companies	71 (0)	38 (0)	52 (1)	56 (0)
				Employees	IHI and 31 affiliated companies	42 (0)	18 (0)
		Temporary employees	IHI and 31 affiliated companies	4 (0)	1 (0)	3 (0)	4 (0)
		Partners	IHI and 31 affiliated companies	25 (0)	19 (0)	18 (0)	27 (0)
Diversity, equity, and inclusion	Number of employees	Consolidated number of employees	IHI and consolidated subsidiaries	28,964	29,149	28,801	28,486
		Number of employees (IHI)	IHI	7,741	7,796	7,779	7,768
		Male	IHI	6,730	6,766	6,727	6,695
		Female	IHI	1,011	1,030	1,052	1,073
		Ratio of female employees (%)	IHI	13.1	13.2	13.5	13.8
	Average years of service	All employees	IHI	15.8	15.1	16.3	16.7
		Male	IHI	16.0	15.3	16.5	16.9
		Female	IHI	14.5	14.2	15.5	15.8
	Turnover rate	Total turnover rate (%)	IHI	3.5	2.9	3.1	2.7
		Rate of retirement due to personal reasons (%)	IHI	2.0	1.1	1.6	1.5
Turnover rate within 3 years of joining the company (%)		IHI	6.8	4.3	3.4	5.5	

*2 People suffering from occupational diseases per million working hours.

*3 Fatalities or injuries caused by occupational accidents per million working hours.

*4 Fatalities or injuries caused by occupational accidents per million working hours (excluding injuries with no time lost).

*5 Fatalities caused by occupational accidents. Figure inside parentheses indicates fatal incidents.

Non-financial Summary

Material Issues	Theme	Index	Scope of Data	Results					
				FY2019	FY2020	FY2021	FY2022		
Diversity, equity, and inclusion	Employment	Number of new graduate recruitments	IHI, University graduates	153	194	109	98		
		Male	IHI, University graduates	123	162	87	84		
		Female	IHI, University graduates	30	32	22	14		
		Female recruitment rate (%)	IHI, University graduates	19.6	16.5	20.2	14.3		
		Number of mid-career hires	IHI	77	55	85	91		
		Number of employees from abroad	IHI	81	82	74	66		
		Recruitment ratio of people with disabilities (%)	IHI	2.39	2.35	2.39	2.55		
		Re-employment rate of employees at retirement age (%)	IHI	81	81	78	100		
	Gender diversity	Number of officers* ⁶		IHI	16	17	17	17	
			Number of male officers	IHI	13	14	14	14	
			Number of female officers	IHI	3	3	3	3	
			Ratio of female officers (%)	IHI	19	18	18	18	
		Number of managers* ⁷		IHI	2,767	2,732	2,776	2,643	
			Number of male managers	IHI	2,684	2,640	2,669	2,519	
			Number of female managers	IHI	83	92	107	124	
			Number of female general managers	IHI	23	23	31	38	
			Number of female section managers	IHI	60	69	76	86	
			Ratio of female managers (%)* ⁷		IHI	3.0	3.4	3.9	4.7
				Ratio of female general managers (%)	IHI	0.8	0.8	1.1	1.4
				Ratio of female section managers (%)	IHI	2.2	2.5	2.7	3.3
Local managers at overseas sites* ⁷	China, Singapore, and United States	23	22	25	26				
Number of managers that joined IHI mid-career* ⁷	IHI	220	234	230	253				

*6 As of July 1 each year, members of the Board of Directors and Audit & Supervisory Board.

*7 As of April 1 each year.

Non-financial Summary

Material Issues	Theme	Index	Scope of Data	Results				
				FY2019	FY2020	FY2021	FY2022	
Diversity, equity, and inclusion	Work-life balance	Employees with reduced work hours	IHI	161	139	158	140	
		Employees who have taken childcare leave	IHI	779	768	935	1,010	
		Employees who have taken parental leave	IHI	131	137	128	198	
		Male	IHI	21	31	60	78	
		Female	IHI	110	106	68	120	
		Percentage of employees who return to work after parental leave (%)	IHI	99.2	100	100	99.6	
		Employees who have taken nursing care leave	IHI	7	2	6	3	
		Average annual paid vacation days taken	IHI	19.40	18.73	17.37	18.65	
	Monthly average overtime (hours)	IHI	21.10	13.00	18.90	21.60		
	Human resources development	Stratified training* ⁸	Participants	IHI and affiliated companies in Japan	3,276	1,882	672	795
			Training hours	IHI and affiliated companies in Japan	106,208	34,672	24,028	25,960
		Selective training courses* ⁸	Participants	IHI and affiliated companies in Japan	3,343	1,948	17,430	37,057
			Training hours	IHI and affiliated companies in Japan	25,073	16,358	49,648	88,822
		Average annual training hours per employee	IHI and affiliated companies in Japan	19.8	13.3	12.1	14.3	
		Training expense per employee (yen)	IHI and affiliated companies in Japan	—	—	—	23,512	
		Employees certified as master artisans	IHI	41	39	41	41	
	Labor-management partnership	Employee union membership rate (%)	IHI and affiliated companies in Japan	58	58	59	60	
	Engagement	Number of labor complaints received	IHI	0	0	0	0	
Ratio of answered employee-awareness surveys (%)		IHI and affiliated companies	91.4	88.0	88.0	84.0		
Corporate citizenship	Social contribution activities	Social contribution expenses (millions of yen)	IHI and consolidated subsidiaries	519	215	260	489	

*8 Group training programs changed to an online format and were conducted from the latter half of fiscal 2020 due to the COVID-19 pandemic, and the number of participants declined compared to the previous fiscal years. In fiscal 2021, the number of participants and length of training hours in each training have changed compared to other years due to revision of the Group's human resource development program.

Non-financial Summary

Material Issues	Theme	Index	Scope of Data	Results			
				FY2019	FY2020	FY2021	FY2022
Environment – Reduce Environmental Impact –							
Climate change	GHG	GHG emissions (Scope 1 + Scope 2) (t-CO ₂ e) ^{*9}	IHI and consolidated subsidiaries	254,227	225,066	220,138	215,753
		Scope 1 (t-CO ₂ e)	IHI and consolidated subsidiaries	64,724	58,517	64,270	61,469
		Scope 2 (market-based) (t-CO ₂)	IHI and consolidated subsidiaries	189,503	166,549	155,868	154,284
	Energy	GHG emissions intensity (t-CO ₂ e/100 million yen) ^{*10}	IHI and consolidated subsidiaries	18.3	20.2	18.8	15.9
		Energy consumption (TJ) ^{*9, 11}	IHI and consolidated subsidiaries	2,468	2,283	2,348	2,294
		Fuel consumption (TJ)	IHI and consolidated subsidiaries	1,044	974	1,084	1,019
		Electricity consumption (TJ)	IHI and consolidated subsidiaries	1,398	1,276	1,229	1,230
		Heat consumption (TJ)	IHI and consolidated subsidiaries	—	7	5	0
		Steam consumption (TJ)	IHI and consolidated subsidiaries	0	0	0	0
	External evaluation	Energy consumption intensity (TJ/10 billion yen) ^{*10}	IHI and consolidated subsidiaries	17.8	20.5	20.0	17.0
Evaluation of CDP climate change		IHI and consolidated subsidiaries	B (Management)	B- (Management)	B- (Management)	B (Management)	
Circular economy	Waste	Waste generated (tons)	IHI and consolidated subsidiaries	27,564	20,912	23,633	23,044
		Toxic waste generated (tons)	IHI and consolidated subsidiaries	164	182	255	156
		Amount recycled (tons) ^{*12}	IHI and consolidated subsidiaries	61,799	15,067	16,164	17,869
	Water	Water withdrawal (1,000 m ³) ^{*9, 13}	IHI and consolidated subsidiaries	4,251	4,008	4,195	4,037
		Public water (1,000 m ³)	IHI and consolidated subsidiaries	750	651	664	670
		Industrial water (1,000 m ³)	IHI and consolidated subsidiaries	868	799	792	737
		Groundwater (1,000 m ³)	IHI and consolidated subsidiaries	1,948	1,731	1,691	1,451
	Waste water (1,000 m ³)	Rainwater, rivers, lakes, etc. (1,000 m ³)	IHI and consolidated subsidiaries	685	827	1,047	1,180
Waste water (1,000 m ³)		IHI and consolidated subsidiaries	—	3,373	3,265	3,181	
Conservation of the global environment	Compliance with environmental laws and regulations	Significant environmental accidents	IHI and consolidated subsidiaries	0	0	0	0
		Major violation of environmental laws/regulations	IHI and consolidated subsidiaries	0	0	0	0
		Number of cases IHI paid fines, penalties, etc.	IHI and consolidated subsidiaries	0	0	0	0
	Costs to reduce the IHI environmental impact	Investments (millions of yen)	IHI	652	334	357	563
		Expenditures (millions of yen)	IHI	78	23	92	151

*9 The total value for each item is rounded off and may not match the figures in the breakdown.

*10 Net sales revenue as the denominator.

*11 The method for calculating energy consumption changed in fiscal 2019.

*12 Waste reclaimed as valuable resources.

*13 Changed from amount of water consumption to amount of water withdrawal since fiscal 2019.



IHI Corporation

Corporate Communication Division

Toyosu IHI Building, 1-1, Toyosu 3-chome, Koto-ku, Tokyo 135-8710, Japan

TEL: +81-3-6204-7800 FAX: +81-3-6204-8608

URL: <https://www.ihico.jp/en/index.html>