

# Sustainability Management

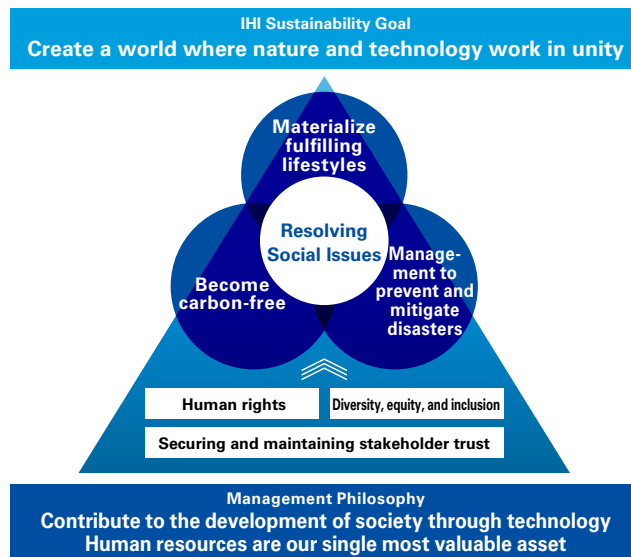
## Approach/Policies

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

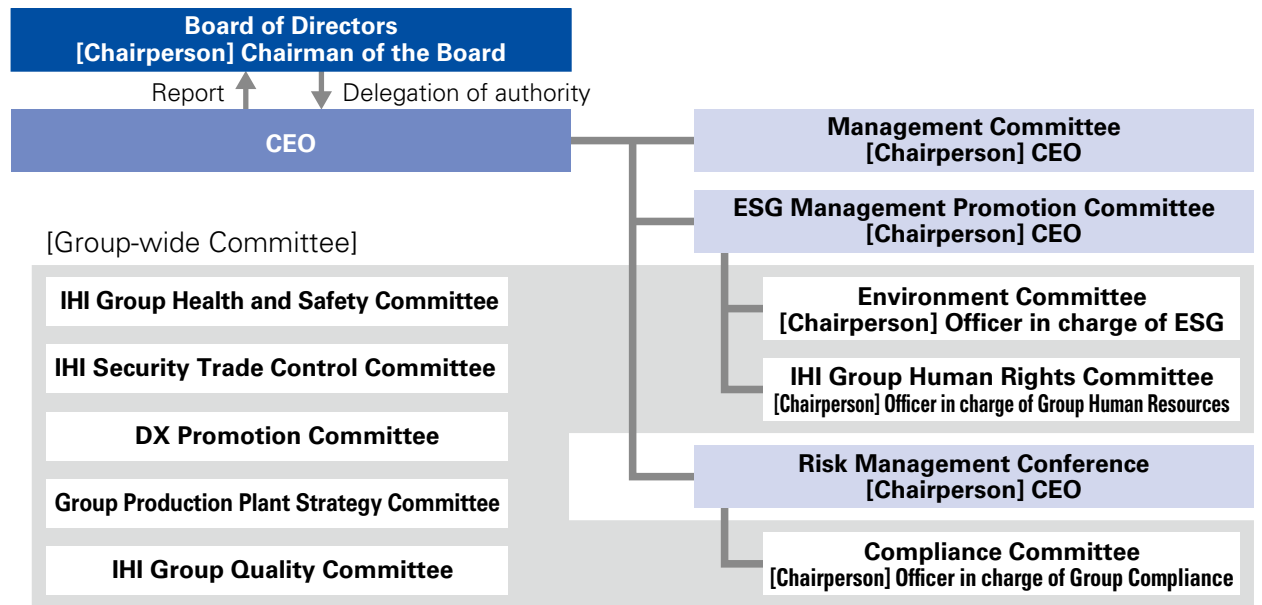


## Structure

### 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)	
<b>Dialogue Topics</b>	Adapting to climate change and ensuring a fair transition
<b>Dialogue Partners</b>	Mr. Yusuke Taishi, United Nations Development Programme
<b>IHI Participants</b>	Officer in charge of ESG, General Manager of Social Infrastructure & Offshore Facilities Business Areas
<b>Overview</b>	How to aid disaster prevention and reduce danger through business in countries susceptible to natural disasters
NPOs (February 2023, conducted remotely)	
<b>Dialogue Topics</b>	Mineral supply chains and ensuring a fair transition
<b>Dialogue Partners</b>	Mr. Shigeru Tanaka, Pacific Asia Resource Center, NPO
<b>IHI Participants</b>	Officer in charge of ESG, Procurement Strategy Planning General Manager
<b>Overview</b>	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"> <li>Contributing to solving social issues and customer challenges</li> <li>Ensuring product safety</li> </ul>	• Daily sales activity	Timely	<b>P.78</b> <b>Customer Relationships</b>
		• Conducting customer satisfaction surveys	Timely	
		• Providing product safety information	As needed	
Business partners	<ul style="list-style-type: none"> <li>Fair and equitable trade</li> <li>Cultivating mutually beneficial partnerships with business partners</li> </ul>	• Disseminating the IHI Group Supplier Code of Conduct	Timely	<b>P.80</b> <b>Supply Chain Management</b>
		• CSR procurement monitoring	Timely	
Shareholders & investors	<ul style="list-style-type: none"> <li>Appropriate information disclosure in a timely manner</li> <li>Strengthening mutual trust</li> <li>Enhancing corporate value</li> </ul>	• Conducting the General Meeting of Shareholders	Annually	<b>web</b> <b>IR</b>
		• 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"> <li>Forming partnerships with government organizations</li> </ul>	• Participating in policy boards	Timely	<b>P.40</b> <b>Innovation Management</b>
		• Participating in joint developments and projects with government organizations	Timely	
Local communities	<ul style="list-style-type: none"> <li>Recognizing ourselves as a member of society</li> <li>Contributing to solving social issues</li> </ul>	<ul style="list-style-type: none"> <li>Hosting events for local communities</li> <li>Holding school visits</li> </ul>	Timely	<b>P.82</b> <b>Corporate Citizenship</b>
Employees	<ul style="list-style-type: none"> <li>Developing and securing human resources, our most important management resource</li> </ul>	• Conducting employee-awareness surveys	Annually	<b>P.62</b> <b>Diversity, Equity, and Inclusion</b>  <b>P.27</b> <b>Compliance</b>
		• Operating a compliance hotline	Regularly	
NPOs & NGOs	<ul style="list-style-type: none"> <li>Examining social issues that could lead to business opportunities</li> </ul>	• 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"> <li>Future business portfolio</li> <li>Business areas that contribute to a medium- to long-term increase in corporate value</li> </ul>	P.4 <b>Medium-term Management Plan</b>
E	<ul style="list-style-type: none"> <li>Initiatives to achieve IHI Carbon Neutrality by 2050</li> <li>Interim targets for GHG emission reduction</li> <li>Strengths and the uniqueness of the IHI Group in addressing climate change</li> </ul>	P.92 <b>Climate Change</b>
S	<ul style="list-style-type: none"> <li>Issues related to human resource development and career design</li> </ul>	P.62 <b>Diversity, Equity, and Inclusion</b>
	<ul style="list-style-type: none"> <li>Predicting human rights risks in the supply chain</li> </ul>	P.49 <b>Human Rights</b> P.80 <b>Supply Chain Management</b>
G	<ul style="list-style-type: none"> <li>Main issues and countermeasures raised during effectiveness evaluation concerning the Board of Directors</li> <li>Board diversity</li> </ul>	P.15 <b>Corporate Governance</b>

