

Customer Relationships

Quality and Product Safety

Approach

As stated in the IHI Group Basic Code of Conduct, the IHI Group pays sufficient attention to the safety of the products and services it develops and provides, confirms that customers and users are satisfied, and constantly improves its products and services. The Group is developing its business based on the principle of make every possible effort to raise the standards. The quality of the products and services is the bond of trust that connects the IHI Group with its customers and society, and the Group believes that ensuring quality is fundamental to its social mission and existence as a company.

Additionally, in response to an incident of inappropriate conduct in a Civil Aero Engine Maintenance Business in 2019, the Group established the IHI Group Quality Declaration, which states that it prioritizes quality as well as safety. This reiterates the Group's basic approach to manufacturing and its actions and awareness of quality.

Policy

● IHI Group Quality Declaration

We, the IHI Group, shall:

1. Always put quality first.
2. Continue improving quality via Sengen-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.

Governance

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 Presidents of business areas, Executives in charge of quality for business areas, and Executives of corporate divisions. 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
Members	Presidents of business areas, Executives in charge of quality for business areas, and Executives of corporate divisions
Secretariat	Monozukuri System Transformation Division
Number of meetings convened in FY2023	2

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Strategy

Risks

The IHI Group has built a Quality Assurance Framework and has a quality management system (QMS) in place to ensure quality in order to provide products and services that achieve customer satisfaction, safety, and peace of mind. The Group strives to maintain the QMS in an appropriate state at all times by reviewing it in a timely and appropriate manner in response to changes in customer expectations for products and services and changes in the external environment, including legal requirements. However, if an unexpected situation were to occur, it could lead to a decline in customer safety and public reputation, as well as compensation for damages, which could have a negative impact on the IHI Group's business performance and financial condition.

Opportunities

Ensuring quality and product safety provides the IHI Group with great opportunities to improve customer satisfaction, strengthen its brand image, and improve market competitiveness.

Also, rigorous approach to the quality management system will enhance the quality assurance ability of the entire organization, and timely and appropriate responses to environmental changes will promote product innovation.

Risk Management

Quality Assurance Activities

The IHI Group carries out its business activities after obtaining Quality Management System (QMS) certification such as ISO 9001 at its Offices and Works. QMSs that have been certified may be required to obtain certification other than ISO 9001 due to customer requests, and due to the nature of their business, there may be cases in which they intentionally do not obtain outside certification. As a result, the QMS certification acquisition rate for domestic business sites and works is 90.6% for ISO 9001, and 96.2% when other standards are included. In addition, in order to make Quality Assurance Activities using QMS more effective, the Group has been continuing activities since 2019 to create a comfortable workplace by solving problems that arise in the workplace. The Group aims to disseminate fantastic activities throughout the entire company by announcing them at Group-wide results reporting meetings.

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. The Group then provides residual risk information to its customers. On the contrary, if an incident (nonconformity) occurs in which a product provided to a customer does not meet the requirements of the customer or society, including issues related to product safety, the product will be reviewed as determined by each organization's Quality Management System (QMS). The Group will take measures to deal with any non-conformities that have occurred, following the procedures specified.

In addition, in order to prevent the recurrence of previous nonconformities, the Group will conduct a thorough investigation of the problem to determine the root cause, which may include issues with systems and procedures, their management and operation, ability management, education, quality awareness, and so on. By improving the QMS that addresses these concerns and implementing the necessary education and training, the Group will achieve more reliable recurrence prevention.

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.

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Metrics and Targets

● Number of Law Violations (Unit: Incidents, Scope: IHI and consolidated subsidiaries)

Item	FY2020	FY2021	FY2022	FY2023
Laws/regulations relating to PR activities	0	0	0	0

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

Item	FY2020	FY2021	FY2022	FY2023
IHI Group Quality Declaration	519	288	262	384
Internal auditor programs	31	29	44	43
Basic quality management How to proceed with product safety risk assessment	211	81	50	12
Training seminars for manufacturing divisions focused on problem-solving and addressing issues in quality management	136	123	117	94
Professional Quality Training	7	6	6	6
Quality Assurance Division Manager Training	—	182	40	0
Quality & Compliance Training Training based on case studies	2,577	2,487	436	318
Quality & Compliance Training Based on Case Studies Discussion Leaders Training	339	398	77	62

Initiatives

Employee Education and Awareness Building

The IHI Group provides education and training, etc. 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. At the same time, the Group is also expanding educational programs to develop leaders who will play a central role in promoting quality assurance in each organization. In addition, as part of a quality improvement campaign for all employees, the Group holds an event to reconsider the contents of the IHI Group Quality Declaration, and distributes a questionnaire to determine employee agreement with the declaration and awareness of the issues. The results are used in various quality assurance activities, including key measures for the next year.

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 Group website. This information helps familiarize the stakeholders at large about the Group's business operations. The Group cooperates 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.