

IHI

Sustainability

Data Book

2025

IHI Corporation

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Sustainability Information Disclosure Policy

The IHI Group believes that dialogue and communication with stakeholders is essential for the continuation of its corporate activities. In addition to offering regular updates on the most recent information, the sustainability page on the IHI corporate website provides detailed and comprehensive information about the IHI Group's sustainability policies, approaches, frameworks, performance, and other information.

In addition, the sustainability information posted on this website will be compiled into a PDF and published as an annual report, IHI Sustainability Data Book.

Reporting Scope

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

Fiscal 2024* (April 1, 2024 to March 31, 2025)

However, the report includes some information from fiscal 2023 and earlier in addition to forecasts of fiscal 2025 and later.

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

Website Updated

Last updated August 2025

(Previous update August 2024, next update scheduled for August 2026)

Please note that the content will be updated as necessary to report the latest activity status following the above date.

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)
- International Sustainability Standards Board (ISSB) sustainability standards

Disclaimer

The sustainability page on the IHI corporate website 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 the update. 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 above factors should be considered 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
Non-financial	Integrated Report	Sustainability Data Book Corporate Governance Report	Website “Sustainability” https://www.ihi.co.jp/en/sustainable/
Financial		Annual Securities Report	Website “Investor Relations” https://www.ihi.co.jp/en/ir/

[IHI Integrated Report >](#)

[IHI Sustainability Data Book >](#)

[Sustainability >](#)

[Investor Relations >](#)

[Annual Securities Report, etc. >](#)

[Corporate Governance Reports >](#)

Inquiries

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Management Message

Create a world where nature and
technology work in unity
A united IHI Group is engaging in
ESG management



Hiroshi Ide
Representative Director and President
Chief Executive Officer



The IHI Group holds the management philosophies of “Contribute to the development of society through technology” and “Human resources are our single most valuable asset.” We have been making contributions to help solve the social issues for the times since our founding in 1853, and now, amid the ongoing instability experienced in recent years in the social environment, companies are expected to also work toward solving many social issues, including taking action on climate change and resource depletion as well as respecting human rights.

With the belief that solving these issues should also be viewed through the lens of corporate management, we announced the IHI Group ESG Management in November 2021 with the intent to realize sustainability in both the global environment and people’s lifestyles. In it, we defined our goal to “Create a world where nature and technology work in unity” —a society where all people including future generations are able to live in security and prosperity.

Taking action on climate change is an area of particular focus as we work to realize our goal. In 2021, we established the IHI Carbon-Neutral 2050 plan, where we aim to realize carbon neutrality by 2050 through our business activities as well as through the products and services we offer. We have been globally pioneering development of technology that uses ammonia as fuel, which does not produce CO₂ emissions even when burned. We aim to quickly establish this technology and build the value chain for it from ammonia manufacturing to ammonia use.

In working toward solutions to social issues, promoting respect for human rights, and within it Diversity, Equity, and Inclusion (DE&I) in particular, is absolutely essential. In the IHI Group, we are promoting DE&I through various initiatives and working to make DE&I an integral part of our Group culture. Through mutual acceptance, building on each other’s strengths, and providing fair opportunities to take on challenges, we intend to create an organizational culture where people feel free to state their opinions: our goal is to generate new businesses based on innovative ideas unconstrained by past methods.

In 2019 and 2024, there were several public announcements of misconduct in the IHI Group. This was viewed as a serious situation and in fiscal 2024 we scheduled many general meetings at affiliated companies and offices, where numerous dialogues were held between senior management and employees to deepen their understanding of compliance and other issues. The senior management directly conveyed their strong determination not to engage in any behavior that would betray the trust of stakeholders. It is our belief that without thorough compliance, the IHI Group will neither survive nor grow. To live up to the trust of our stakeholders, I will personally take the lead in doing everything possible to eradicate misconduct.

We will continue holding dialogue with all of our many stakeholders and engaging in ESG management as a united IHI Group, aiming to realize our future goal to “Create a world where nature and technology work in unity.”

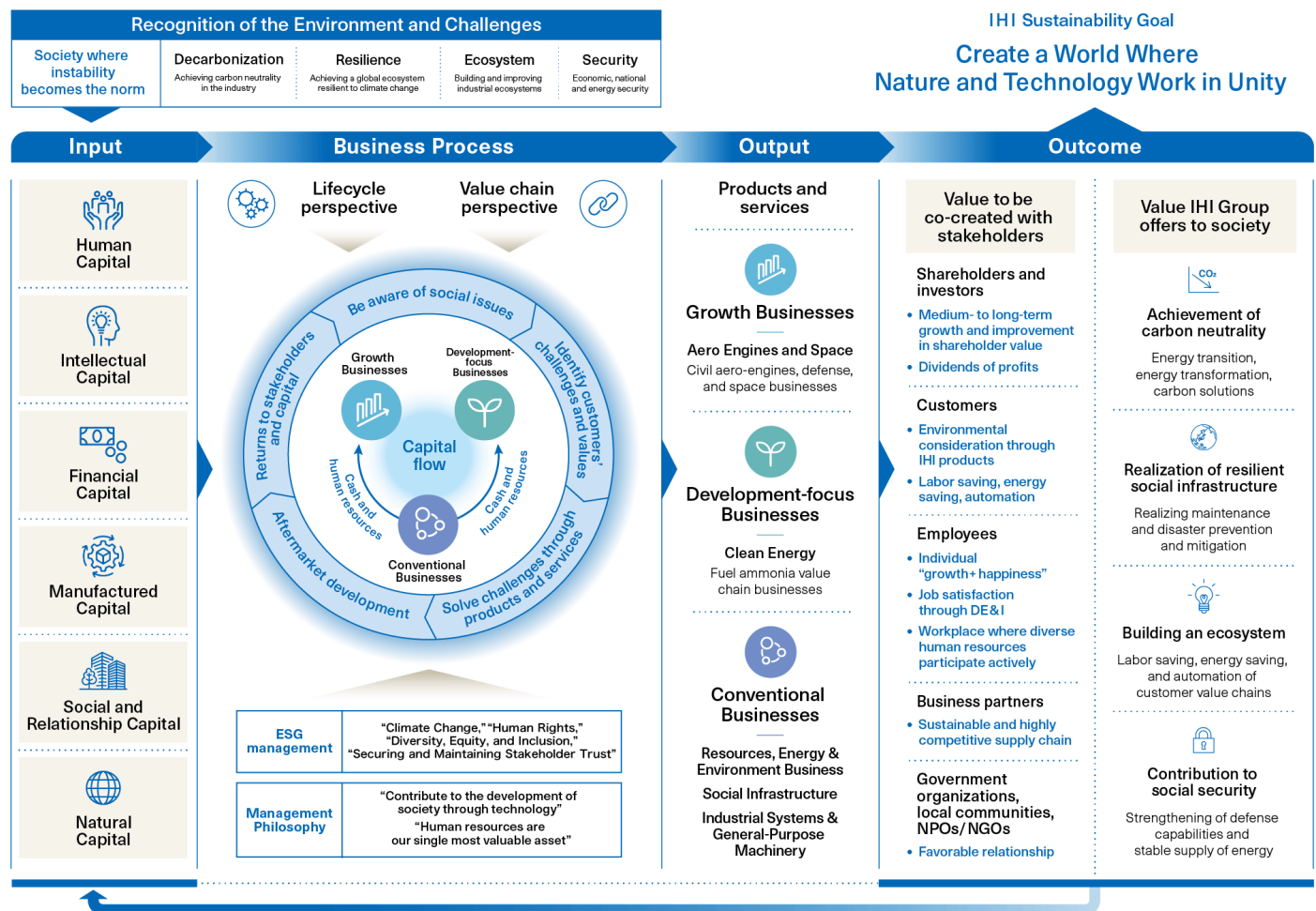
Sustainability Management

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Sustainability Policy

- ▼ Material Issues
- ▼ IHI Group Material Issues and Goals
- ▼ Environment -Reduce Environmental Impact-
- ▼ Social -Materialize an Affluent Society-
- ▼ Governance -Corporate Management-

In response to the changing business environment, the IHI Group has established a goal for itself, which will contribute to the realization of a sustainable society from a long-term perspective. To achieve this goal, the Group will tackle the challenges of society and directly address its customers and create new value.



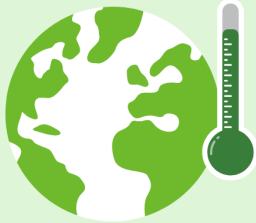
Material Issues

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, the IHI Group is striving to “Create a world where nature and technology work in unity” in the near future. By setting this goal, the social issues the Group need to address along with the values it aims to provide have been clarified. The Group has re-identified and revised its 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.

Subsequently, IHI Group ESG Management announced in November 2021 aims to address the global challenge of climate change, respect the human rights of those involved in the Group’s businesses, and empower diverse human resources as the driving force behind value creation. The Group has identified particularly important issues that should be prioritized as ensuring that its human resources are active and earning trust from its stakeholders through integrity management.

Particularly Important Issues of ESG Management



Climate Change



Human Rights /
Diversity, Equity, and Inclusion



Securing and Maintaining
Stakeholder Trust

Identification Process of Material Issues

The IHI Group identifies material issues through the following process in an effort to achieve a sustainable society and sustainable Group growth.

Identify Material Issues According to Our Sustainability Goal

STEP1

Extract issues

Social issues, recognized worldwide, are extracted

STEP2

Confirm the conformity of social issues

Each social issue extracted in Step1 is verified regarding its conformity to internal corporate policies and/or other unique company traits

STEP3

Identify material issues

Considering Step1 and Step2, a total of 16 material issues have been identified.

IHI Group Material Issues and Goals



Environment

—Reduce Environmental Impact—

- Climate Change >
- Conservation of the Global Environment >
- Circular Economy >

—SDGs—



Social

—Materialize an Affluent Society—

- Diversity, Equity, and Inclusion >
- Work-style and Operational Process Reforms >
- Occupational Health and Safety >
- Human Rights >
- Supply Chain Management >
- Corporate Citizenship >
- Customer Relationships >

—SDGs—



Governance

—Corporate Management—

- Corporate Governance >
- Compliance >
- Risk Management >
- Innovation Management >
- Information Security >
- Timely and Proper Disclosure >

—SDGs—



Targets and Results Regarding Material Issues

Environment



Material Issues	Vision	Metrics and Targets	Main Results for FY2024
Climate change	• Reduce the environmental impact of the entire social system	2050: Achieve carbon neutrality throughout the entire value chain - FY2030: Reduce GHG emissions (Scope 1, 2) in half compared to FY2019 - FY2025: Reduce GHG emissions (Scope 1, 2) by 12,000 t-CO₂e compared to FY2022 - FY2025: Reduce energy consumption intensity by 3% compared to FY2022	- GHG emissions (Scope 1, 2): 197,274 t-CO₂e, reduced by 18,479 t-CO₂e(compared to FY2022) - Energy consumption intensity: 13.6 TJ/10 billion JPY, reduced by 19.6%(compared to FY2022)
Conservation of the global environment		- Environmental accidents: 0 - Environmental law violations: 0	- Environmental accidents: 0 - Environmental law violations: 0
Circular economy		- FY2025: Reduce waste emissions by 3% or more compared to FY2022 - FY2025: Reduce water withdrawal by 3% or more compared to FY2022 - FY2025: Determine final disposal amount of more than 90 wt% of all waste	- Waste emissions: 21,942 t, reduced by 4.8% (compared to FY2022) - Reduction in water withdrawal: 4,662 thousand m³, increased by 15.5%*(compared to FY2022) * Water withdrawal increased due to increased production - Final disposal amount: 59.3 wt% of all waste was determined

Society



Material Issues	Vision	Metrics and Targets	Main Results for FY2024
Diversity, equity, and inclusion	- Employees are fully able to demonstrate their talents based on common values - Connecting the power of diversity to value creation	- FY2030: Increase the ratio of female Officers to 30% or higher - FY2030: Increase the ratio of female Managers to 15% - FY2026: Increase the ratio of female Managers to 7% - FY2026: Increase the ratio of female hires to approximately 20% among university graduates - FY2026: Increase the employment rate of people with disabilities to 2.7%	- Ratio of female Officers: 29% - Ratio of female Managers: 5.8% - Ratio of female hires (university graduates): 19.8% - Employment rate of people with disabilities: 2.58% - Employee engagement: 55 points (improved by 1 point compared to FY2023)
Work-style and operational process reforms	Improving productivity within the entire organization		
Occupational health and safety	Ensure workplace environment in which all employees can work safely and in good health	FY2024: Occupational health and safety rate Less than 0.6 (works divisions) Less than 1.2 (construction divisions)	- Cases of occupational accidents (injuries with no time lost or higher, in Japan): 66 - Occupational health and safety rate: 1.21 (works divisions), 2.13(construction divisions)
Human rights	Proactively fulfill the responsibility toward respecting human rights for all people	Conduct human rights impact assessments for about 160 IHI Group Companies in three years	- Total number of companies conducting human rights impact assessments: 143 (of which 47 in FY2024) - Established a reporting desk as a grievance mechanism that can be utilized by all stakeholders in the IHI Group's value chain
Supply chain management	Build sustainable supply chains	—	Selected 514 important first-tier business partners (24% of approximately 9,000 first-tier business partners)
Corporate citizenship	Engage in social contribution activities that enhance the value of the IHI Group while helping to foster the creation of a habitable and prosperous world	—	Total expenditure for social contribution activities: 483 million JPY (49 million JPY decrease compared to the previous fiscal year)
Customer relationships	Pay full attention to the safety of the products and services and continue to improve the quality level of the products and services by confirming whether they satisfy customers and users	—	QMS certification acquisition rate for IHI and subsidiary companies in Japan and overseas: 79% (57 out of 72 target locations)

Governance



Material Issues		Vision	Main Results for FY2024
Securing and maintaining stakeholder trust	Corporate governance	To earn the trust and support of the IHI Group’s shareholders over the long term	Introduced ESG Index for the purpose of promoting ESG management in performance-based bonuses (annual incentives) for Officer remuneration
	Compliance	Not only complying with laws and regulations, but also accurately understanding the changing values and demands of society and fulfilling its expectations	- Compliance hotline reports: 246 (including 9 compliance violations) - Competition law violations: 1 - Anti-corruption law violations: 0
	Risk management	Ensuring business continuity and the safety of Officers, employees, and their families; securing, preserving managerial resources, and maintaining public trust	- Formulated policies, identified issues, and considered corrective measures regarding risk management - Clarified the roles and responsibilities of each business division and corporate division and implemented risk management activities
	Innovation management	- Keep providing solutions that help solve social issues through the engineering capabilities centering on “Monozukuri” technology - Utilizing intellectual property as a key management resource in the business activities to help solve social issues and increase customer value	- Research and development expenses: 39.9 billion JPY - Patent acquisitions: 598 - Patents held: 8,016 (4,029 in Japan, 3,987 overseas)
	Information security	Ensure the confidentiality of customer and business partner information, along with company management and technical information, etc.	Information security measures evaluation: 3.8 (out of 5)
	Timely and proper disclosure	Honestly fulfill accountability for management direction and major operations	- Dialogue conducted with investors: 604 companies (180 Japanese investors, 424 overseas investors) - Dialogue conducted with bond investors: 19 companies (12 bond investors, 3 banks, 4 financial institutions)

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

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.

[Click here for IHI Group Code of Action >](#)

IHI Group ESG Management

[Approach](#)
[Governance](#)
[Employee Education](#)

Approach

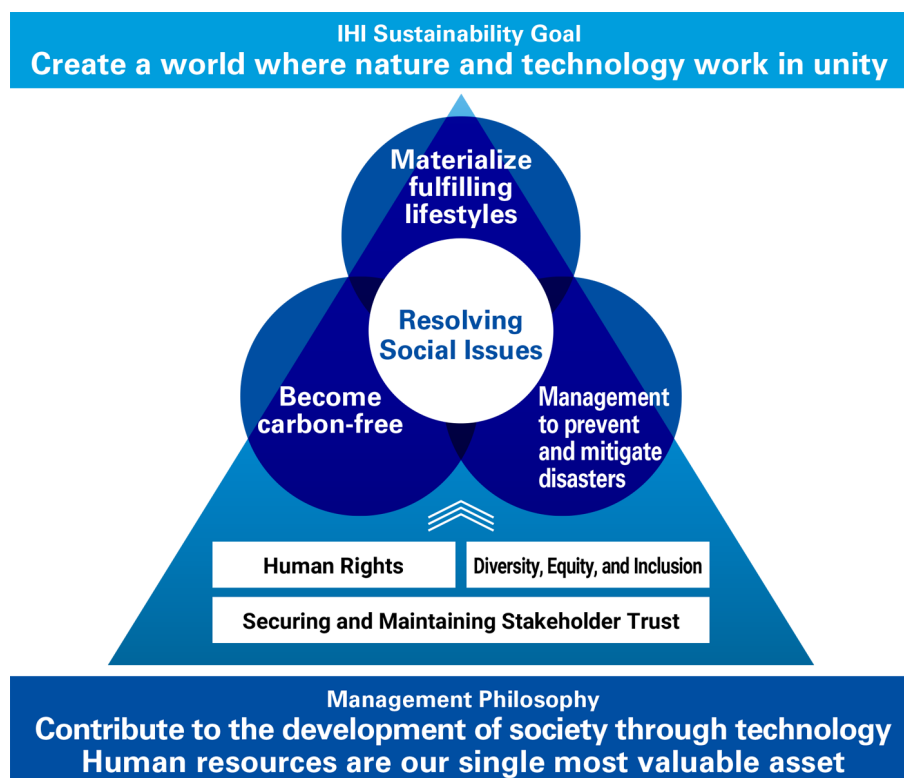
The IHI Group implements ESG management based on integrity and considerations for society and the environment, placing ESGs at the core of its values in order to achieve sustainable growth as a company and realize a sustainable society.

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.

The Group’s businesses will take on various social challenges to create social value as well as enhance corporate value. The IHI ESG STORYBOOK published in fiscal 2021 provides details about the IHI Group’s ESG management philosophy.

[IHI ESG STORYBOOK >](#)



Governance

Sustainability Promotion System

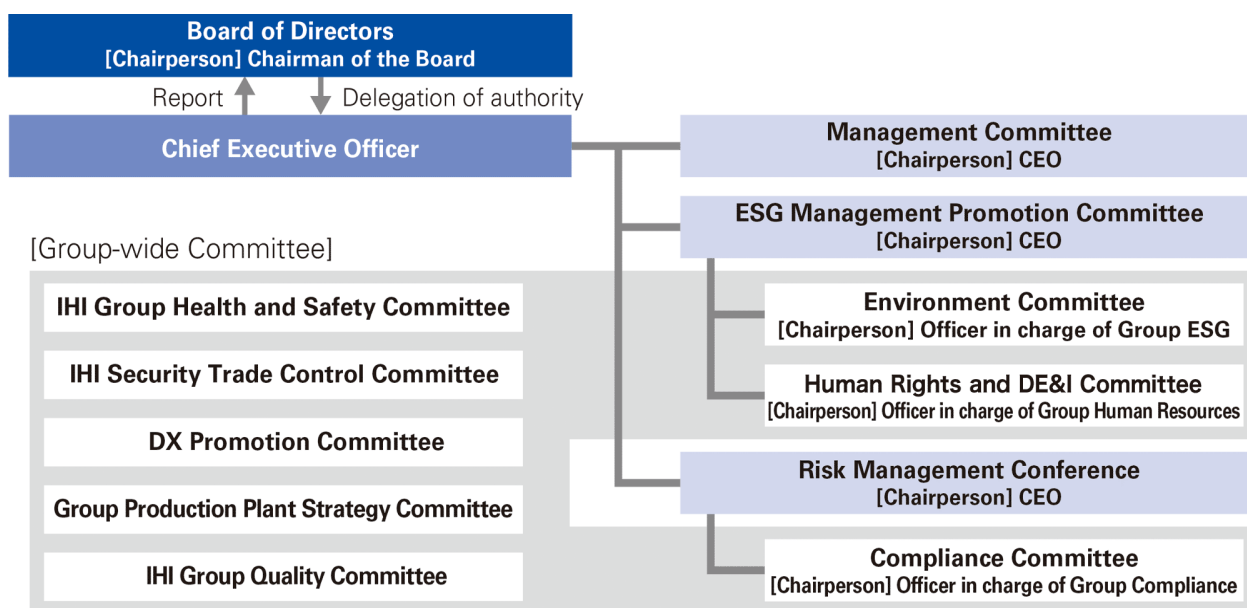
The IHI Group has a duty to contribute to society and the environment in a way that will realize a sustainable society. The Group knows ESG management with clearly defined values is essential to governance making these contributions possible.

The Group has established the ESG Management Promotion 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.

Additionally, the IHI Group has established a Group-wide Committee to address issues such as the environment, human rights, and compliance throughout the entire company. The Group developed a system in which the policies discussed and decided upon by each committee are represented in the specific activities of each division.

Matters related to important decision-making regarding ESG management are reported to the Board of Directors as appropriate, and ESG management is implemented Group-wide.

Sustainability Promotion System



ESG Management Promotion Committee

Chairperson Chief Executive Officer	Chief Executive Officer
Members	Directors, Executive Officers, and General Managers
Secretariat	Administration Division
Number of meetings convened in FY2024	2

Employee Education

The IHI Group aims to provide each and every employee working at the IHI Group with an opportunity to understand what sustainability/ESG is and to think about it in connection with the IHI Group's policies and activities. The Group (IHI and affiliated companies in Japan) held an e-learning sustainability/ESG program for executives, employees, and temporary employees.

Number of Participants in Sustainability/ESG Program

(Scope: IHI and affiliated companies in Japan)

Item	FY2021	FY2022	FY2023	FY2024
Participants	—	—	20,231	18,223
Completion rate*	—	—	83.7%	82.8%

* Completion rate: Number of persons completed the program/Number of persons eligible for the program

Dialogue with Stakeholders

The IHI Group views its primary stakeholders with a significant influence over ongoing corporate activities as its customers, business partners, shareholders, investors, government agencies, local communities, employees, and NPOs/ NGOs.

As such, the Group values and engages in broad dialogue with these stakeholders. The Integrated Report and Sustainability Data Book are published and the sustainability website is updated as tools for this dialogue.

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.

Main Results of Dialogue with Stakeholders in FY2024 (Summary)

Stakeholders	Main Purpose of Dialogue	Example of Dialogues from FY2024	Frequency
Customers	- Contributing to solving social issues and customer challenges - Ensuring product safety	- Daily sales activity - Conducting customer satisfaction surveys	Timely
		Providing product safety information	As needed
Business partners	- Fair and equitable trade - Cultivating mutually beneficial partnerships with business partners	Disseminating the IHI Group Procurement Policy	Regularly
		CSR procurement monitoring	Timely
Shareholders & investors	- Appropriate information disclosure in a timely manner - Strengthening mutual trust - Enhancing corporate value	Conducting the General Meeting of Shareholders	Once a year
		Holding financial result briefings and telephone conferences	Four times a year
		Conducting plant tours	Five times a year
		- Conducting individual meetings - Conducting business area meetings	As needed
Government organizations	Forming partnerships with government organizations	- Participating in policy boards - Participating in joint developments and projects with government organizations	Timely
Local communities	- Recognizing ourselves as a member of society - Contributing to solving social issues	- Hosting events for local communities - Holding school visits	Timely
Employees	Developing and securing human resources, our most important management resource	Conducting employee-awareness surveys	Once a year
		Operating a compliance hotline	Regularly
NPOs/NGOs	Examining social issues that could lead to business opportunities	- Announcement of view on human rights - Explanation of revised editions of the Guidelines for Multinational Enterprises, etc.	Regularly

Dialogue with Shareholders and Investors

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 the Group actively engages in communication efforts. In addition to stock investors, the Group also proactively engages in dialogue with bond investors. The IHI Group is deeply involved in active communication efforts with its domestic and overseas investors to gain greater understanding about the business activities.

In fiscal 2024, the management team visited North America, Europe, and Asia and held dialogues with local institutional investors.

Timely and Proper Disclosure

The IHI Group enhances the scope of various materials disclosed both online and offline for active and fair informational disclosure. The Group's basic policy is to promote highly transparent management throughout the entire Group. The Group always discloses accurate and fair information on important management and business matters in a timely manner from the perspective of investors in capital markets. The Group also sees honest Group accountability as a basic policy to define its management direction and main businesses.

Main Dialogue Results with Shareholders and Investors (FY2024)

Investors		• 604 companies (180 Japanese investors, 424 foreign investors) • Focusing on active investors such as growth and value investors, analysts, portfolio managers, ESG personnel, voting rights exercisers, etc. of domestic and foreign institutional investors with a wide range of investment styles.
IHI Representative	CEO	• Financial result briefings conducted: Twice • Dialogue conducted with Japanese and overseas institutional investors: 28 times
	Officer in charge of Group Finance & Accounting	• Financial result briefings conducted: 4 times • Dialogue conducted with Japanese and overseas institutional investors: 101 times
	Senior Executive Officers, Executive Officers, Presidents of business areas	• Dialogue conducted with Japanese and overseas institutional investors: 85 times
	IR/SR Managers	• Dialogue conducted with Japanese and overseas institutional investors: 337 times

Dialogue Results with Bond Investors (FY2024)

Investors	• 19 companies (12 bond investors, 3 banks, 4 financial institutions)
Main representative	• Senior Executive Officer, Officer in charge of Group ESG, Officer in charge of Group Finance & Accounting, Finance & Accounting Division, etc.
Main theme	• Financial & accounting strategy, ESG strategy, etc.

Themes of the Main Dialogues Held with Shareholders and Investors (FY2024)

Classification	Main Dialogue Topics
General	• Status of deliberations regarding business portfolio • Medium to long-term sales growth and profitability outlook for the civil aero-engine business • Status of additional inspection program on PW1100G-JM Turbofan Engine • Future outlook for the defense business • Prospects for monetization of fuel ammonia value chain business • Status of cash generation efforts (reducing working capital and improving CCC) and cash allocation policy • Status of management consideration with awareness of capital costs and stock prices • Progress of balance sheet reform • Status of discussions at the Board of Directors following a series of scandals at subsidiaries and progress on measures to prevent recurrence • Progress of efforts to reconstruct effective Group governance
E	• Progress of initiatives to achieve IHI Carbon Neutrality by 2050 • Future outlook for Scope 3 emissions • Strengths and the uniqueness of the IHI Group in addressing climate change
S	• Specific details about the initiative in the Group human resources strategy • Scale of investment in human resources • Scale and progress of human resource shift • Utilization status of employee-awareness survey results • Predicting human rights risks in the supply chain
G	• Effectiveness of the Board of Directors • Activities of Independent Directors • Composition of the Board of Directors • Status of deliberations at the Board of Directors regarding ESG and sustainability • Background of the policy revision regarding cross-shareholdings

Reduce Environmental Impact

Environmental Management	019
Climate Change	028
Conservation of the Global Environment (Pollution Prevention and Biodiversity Conservation)	050
Circular Economy	056

Environmental Management

▼ Approach ▼ Policy ▼ Governance ▼ Strategy ▼ Risk Management ▼ Metrics and Targets ▼ Initiatives

Approach

The IHI Group implements management that embraces ESG values (ESG management) based on the desire to “Create a world where nature and technology work in unity.”

The Group’s environmental initiatives continue to work to reduce the environmental impact on society at large in an effort to combat climate change, conservation of the global environment, and circular economy.

The Group has established the IHI Group Basic Environmental Policy as a guideline for action in addressing important environmental issues. In particular, the Group regards measures to counteract climate change as an important issue, and is proposing business solutions that help to realize carbon neutrality throughout the value chain, using the amount of GHG emissions during the product/service life cycle as an indicator. In its business activities, the Group complies with environmental laws and regulations, and implements measures to safeguard the global environment and reduce the burden on the environment.

Policy

IHI Group Basic Environmental Policy

The IHI Group establishes action guidelines as follows pursuant to Article 7 (Responsibility for the global environment) of “IHI Group Basic Code of Conduct,” and acts independently and actively.

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. Compliance 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, etc.

The IHI Group provides society with products, services, and technologies that contribute to the conservation of the global environment and the reduction of environmental burdens.

Article 4. Conservation of Global Environment and Reduction of Environmental Burdens in Business Activities

The IHI Group strives to conserve the global environment and reduce environmental burdens in all of its business activities as follows.

1. Conservation of the global environment
Control of air, water, and soil pollution, and reduction of impact on biodiversity and conservation of biodiversity, in order to achieve a sustainable society
2. Reduction of environmental burdens
Reduction of energy consumption, greenhouse gas emissions, and water consumption, improvement of the efficiency of global resource use, and reduction of waste generation, in order to achieve a decarbonized and resource-recycling society

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 social activities, discloses appropriate and timely environmental information, and communicates with stakeholders to harmonize with local communities, conserve regional environments, and reduce environmental burdens.

Governance

The IHI Group promotes environmental activities under the direction of the ESG Management Promotion Committee, with the Environment Committee playing a central role.

The Environment Committee is chaired by the Officer in charge of Group ESG, with Vice Presidents of business areas and General Manager of Planning & Control Department serving as Committee members. The Environmental Manager Liaison Groups have been established as subordinate bodies of the Environment Committee.

For each of the three material issues—climate change, conservation of the global environment, and circular economy—the Environment Committee deliberates and decides on activity strategies, plans, and targets, and provides progress reports. With regard to climate change, which is a particularly important issue, the Committee is drawing up a roadmap for reducing the amount of greenhouse gas emissions generated during product use, and is monitoring the implementation status of capital investment aimed at reducing greenhouse gas emissions from plants and offices, with the goal of realizing carbon neutrality throughout the value chain.

The details of discussions by the Environment Committee are reported to the ESG Management Promotion Committee, and feedback received from management is used in the Environment Committee's decision-making and disseminated to Group companies both within and outside Japan.

Of the matters discussed by the Environment Committee, those 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 Environmental Manager Liaison Groups are mainly engaged in ensuring compliance with environmental legislation at the level of individual plants and offices, and in initiatives aimed at reducing the environmental burden on the local community. The content of these activities is reported to the Environment Committee.

Environmental Management Systems Diagram



Environment Committee

Chairperson	Officer in charge of Group ESG
Members	Environmental managers in business areas, headquarters representative's offices, and persons at the corporate divisions nominated by the Committee chairperson
Secretariat	Administration Division
Number of meetings convened in FY2024	3

Strategy

The IHI Group sets targets for environmental activities in the short term (up to fiscal 2025), the medium term (up to fiscal 2030), and the long term (up to fiscal 2050). In the short term, the Group drafts its environmental action plans every three years that are integrated with the Group management policies, and strives to engage in comprehensive environmental initiatives. The environmental action plans are formulated based on the IHI Group Basic Environmental Policy, keeping in mind the provision of environmental value demanded by society.

The IHI Group Environmental Action Plan 2023 creates three major pillars for environmental initiatives from fiscal 2023 to fiscal 2025: climate change, conservation of the global environment, and circular economy.

Environmental Initiatives in Each Business Process

Business process	Initiatives	Reference
Research and development	- Shortening development periods by the introduction of model-based development - Technological development in the clean energy field - Development of automation and labor-saving technologies	Climate Change > Innovation Management >
Design	- Designing to reduce GHG emissions throughout the product life cycle - Designing that take into consideration the effective use of social stock	Climate Change > Circular Economy >
Procurement	Incorporating environmental themes (climate change countermeasures, proper management of water resources, chemical substances, and waste, and biodiversity conservation) into the IHI Group Code of Conduct for Business Partners	Supply Chain Management > PDF : IHI Group Procurement Policy (1,022KB) 
Manufacturing	- Energy conservation activities according to energy usage and use of low-carbon energy - Smart factory through the introduction of DX - Wastewater and chemicals management based on environmental laws and regulations - Reducing water consumption by monitoring water withdrawal - Improving the recycling rate by increasing the yield of raw materials and thorough sorting	Climate Change > Conservation of the Global Environment (Pollution Prevention and Biodiversity Conservation) > Circular Economy > Innovation Management >
Sales and marketing	- Proposing products and services that contribute to reducing environmental impact - Product sales that contribute to achieving carbon neutrality - Marketing of products for adaptation to climate change	Environmental Management > Climate Change >
Logistics	Improving loading efficiency and promoting modal shift through the active use of ships	Climate Change >
Use, maintenance, and disposal	Development of lifecycle businesses leading to energy and resource conservation as well as product longevity	Group Management Policies 2023 >

Risk Management

The IHI Group strives 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. Each business area and business unit (SBU) drafts action plans at the beginning of the fiscal year in line with each material subject and tracks progress as well as providing support using a PDCA cycle through the Environment Committee. In addition, the Risk Management Conference reports on environmental incidents and violations of relevant laws and regulations.

The Group also evaluates the environmental impact of its products and services to provide superior environmental performance.

Collection and Monitoring of Environmental Information

The IHI Group has designated locations subject to environmental management, including overseas Group companies. Each site has appointed a person in charge to carry out environmental activities, and ensure appropriate management by collecting and monitoring environmental information.

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. Therefore, each company conducts environmental management based on its own characteristics.

The Group companies are building a system to efficiently collect environmental data by checking the management system for GHG emissions, energy and water use, etc. at each site. Also, regarding GHG emissions in category 11 of Scope 3, the Group performed calculations for all target products of the IHI Group in fiscal 2023, and identified products for which data should be collected and monitored. In fiscal 2024, the Group set to work on drawing up a roadmap for reducing emissions associated with these products.

Energy Management

The IHI Group implements timely and appropriate monitoring of environmental data in order to reduce energy usage. The Group has adopted a system that enables real-time visualization and monitoring of energy use, focusing in particular on those plants that use the most energy. In addition, the Group is constantly implementing energy-saving activities based on energy use status, such as implementing energy-saving diagnostics by third parties at individual plants.

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 2024 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.

Reduction of the Environmental Impact of Products and Services

The IHI Group implements management to reduce the burden on the environment by collating and estimating data relating to the environmental burden for every stage from product and service design, through materials procurement and manufacturing to product use and disposal.

For each stage of the product lifecycle (including research, development, design, procurement, manufacturing, use, after-sales service provision, and disposal), the Group implements assessment to confirm whether an environmentally-friendly approach has been followed (in terms of saving energy, reducing greenhouse gas emissions, conserving resources, and reducing environmental risk).

The IHI Group provides the following products to reduce the environmental impact. In particular, products certified by the Environment Committee as having excellent environmental performance are designated as Environmentally-friendly Products (products marked with asterisks are Environmentally-friendly Products).

• Energy-related equipment

Co-generation systems, components for nuclear power plants, facilities for nuclear fuel cycle plants, flue gas treatment system (DeSOx/DeNOx equipment), large-sized cooling towers for geothermal power generation

• Disaster prevention/mitigation

Weather observation devices, water gate equipment for rivers and dams

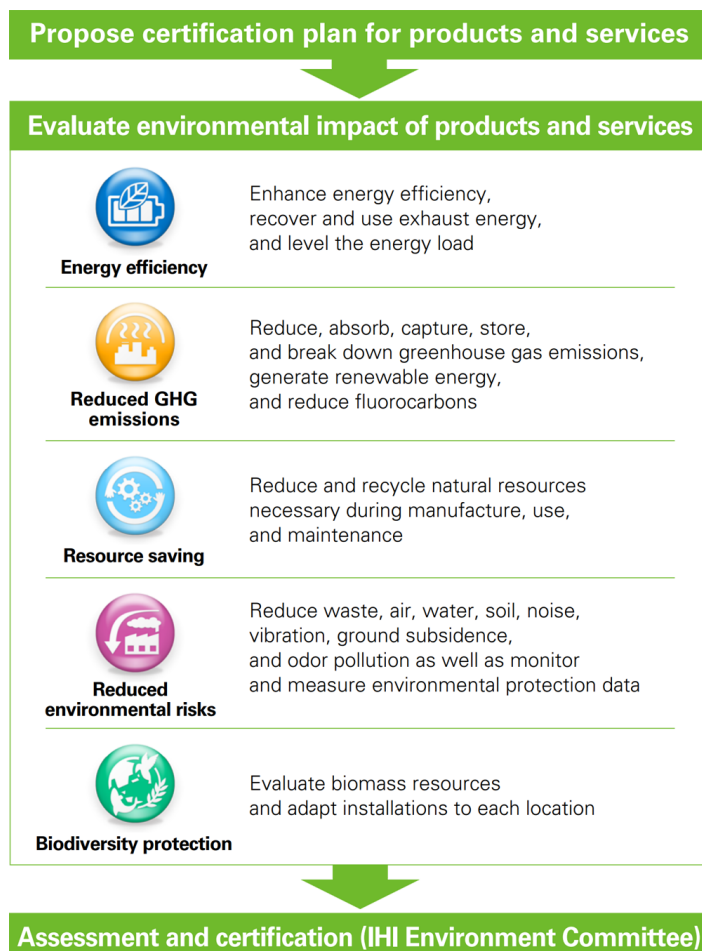
• Mobility

Turbochargers for vehicles*, light rail transit (LRT)*, new transit system

• Other

Anaerobic wastewater treatment equipment, Toyosu Foresia environmentally-friendly building*

Certification Process of Environmentally-friendly Products



Metrics and Targets

IHI Group Environmental Action Plan 2023 (FY2023–2025)

(Scope: IHI and consolidated subsidiaries)

Action Plans	FY2025 Target
Climate change	A 12,000 t-CO ₂ e reduction in Scope1 and 2 with capital investment
	Reduce energy consumption intensity by 3% in FY2025 from that in FY2022
Conservation of the global environment	Zero environmental accidents and environmental law violations
Circular economy	Reduce waste emissions by 3% or more in FY2025 from that in FY2022
	• Review the definition of recycling rate • Determine the amount of final disposal to be at least 90 wt% of total waste
	Reduce water withdrawal by 3% or more in FY2025 from that in FY2022

ISO 14001 Certification Status

Target	Item	FY2021	FY2022	FY2023	FY2024
IHI and consolidated subsidiaries	Number of sites	45	45	45	46
	Coverage rate (based on amount of energy consumption) (%)	80.8	81.3	81.0	85.1
	Coverage rate (based on number of sites) (%)	60.8	60.0	61.6	64.8
IHI and affiliated companies in Japan	Number of sites	37	37	36	36
	Coverage rate (based on amount of energy consumption) (%)	—	—	84.4	83.7
	Coverage rate (based on number of sites) (%)	61.7	59.7	60.0	60.0
Affiliated companies overseas	Number of sites	8	8	9	10
	Coverage rate (based on amount of energy consumption) (%)	—	—	60.5	97.1
	Coverage rate (based on number of sites) (%)	57.1	61.5	69.2	90.9

Initiatives

Education/Awareness Building

Environmental Education

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

Environmental education is provided through e-learning with the theme of Sustainability and ESG. Also, 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, and work to strengthen awareness regarding saving water, waste management, energy saving, etc.

Environmental Education and Training Participants

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

Eligible Participants	Curriculum	FY2021	FY2022	FY2023	FY2024
Employees	e-learning	4,625	—	—	—
	Environmental Quiz	4,220	1,992	2,674	2,554
Environmental Managers	Group Energy Efficiency Training, etc.	—	88	68	114
	Circular Economy Training, etc.	—	56	51	86

Reduction of the Environmental Impact

Costs to Reduce the IHI Environmental Impact

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

Item	FY2021	FY2022	FY2023	FY2024
Investments	357	563	1,048	1,377
Expenditures	92	151	365	778

Environment-related Capital Investments (FY2024)

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

Category	Amount Invested	Main Items	Investment Effect
Energy-saving/climate change measures*	872	Installation of individual air-conditioning systems in factories, etc.	Energy consumption and CO ₂ emission reductions
Environmental risk measures	505	Renewal of aged equipment, etc.	Zero environmental accidents and environmental law violations
Total	1,377		

* When consolidated subsidiaries are included, the amount is 1,671 million yen.

Climate Change

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[Policy](#)
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Approach

The IHI Group sees taking measures against climate change as a particularly important issue in ESG management and is doing everything possible to accomplish this. Climate change has an enormous social and economic impact and is a vital issue for companies to address in order to realize sustainability, and one that the IHI Group believes it should focus on.

The Group supports the goal set by the Paris Agreement of holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. The Group has adopted the IHI Carbon-Neutral 2050 plan, under which it aims to achieve effectively zero greenhouse gas emissions throughout its value chain by 2050. As one of the solutions being adopted to achieve this goal, the Group is developing ammonia, which does not emit CO₂ when burned, as a fuel.

The Group believes that promoting the widespread adoption of fuel ammonia will make a positive contribution toward reducing greenhouse gas emissions throughout society, and with this in mind it is lobbying government agencies in Japan, making related policy recommendations through industrial associations, and promoting the setting of appropriate rules at the international level.

Participation in Third-party Initiatives

The IHI Group participates in climate change related initiatives. Participation in such initiatives is decided on by the Management Committee and the Board of Directors.

TCFD

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



GX League

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.



Relationships with Industry Associations

The IHI Group is a member of various industry associations relating to climate change. The Group has set itself targets that align with or surpass the goals set in climate change response measures formulated by government agencies and industry organizations, and is implementing activities aimed at carbon neutrality. In cases where it is deemed that there is a wide disparity between the strategy adopted by a given industry organization and the goals of the Paris Agreement, the Group will consider the best way to respond to this, which may include leaving the organization.

Clean Fuel Ammonia Association (CFAA)

As a member of the Board of Directors of the Clean Fuel Ammonia Association (CFAA), IHI is working toward the social implementation of fuel ammonia. The CFAA aims to build a value chain centered on the use of clean ammonia as a fuel and raw material. IHI aims to contribute to the realization of a low-carbon society by formulating strategies, developing related technologies, and promoting initiatives for their implementation in society.

IHI participates in international symposia and seminars held by the CFAA to obtain new knowledge and exchange information. It also undertakes activities in collaboration with the CFAA that are directed toward realizing widespread adoption of fuel ammonia and building the value chain.

Carbon Recycling Fund Institute

As a corporate member of the Carbon Recycling Fund Institute, IHI is involved in promoting carbon recycling innovation. The Institute is chaired by IHI Chairman Tsugio Mitsuoka. It aims to simultaneously address the problem of global warming and improve global access to energy; by providing grants for research relating to carbon recycling and undertaking awareness raising activities, its goal is to support carbon recycling innovation.

Besides its involvement in the Institute's research grant activities, IHI also participates actively in the Carbon Recycling University* activities. In addition to building relationships with external partners through the Institute, IHI is also helping to support the development of advanced carbon recycling technologies.

* Carbon Recycling University: A program that helps younger employees of member companies of the Institute to develop a problem-solving mindset.

Activities with International Standardization Organizations

The IHI Group is involved in activities that relate to putting in place the international rules needed for solving global problems, and as part of these efforts, the Group is engaged in standardization activities with the International Organization for Standardization (ISO). With the aim of ensuring appropriate use of fuel ammonia for boilers used in electricity generation, the Group has participated, alongside other companies and the CFAA, in the joint development of a Technical Specification* (ISO/TS 21343) which specifies implementation procedures and reporting processes for exhaust gas environmental performance evaluation testing; IHI served as the project leader with the cooperation of Professor Kobayashi of Tohoku University. This Technical Specification was formally issued on January 14, 2025.

* Technical Specification (TS): A Technical Specification addresses work still under technical development, or where it is believed that there will be a future, but not immediate, possibility of agreement on an International Standard.

Responses to and Support for Public Regulations

The IHI Group supports laws, policies, regulations, and so on relating to climate change and responds to them appropriately at each domestic and overseas business site.

In particular, IHI is a specified business operator under the Act on Rationalization of Energy Use and Shift to Non-fossil Energy (the Energy Conservation Act), and as such, is obligated to make efforts to reduce energy consumption intensity by an average of 1% per year. In the IHI Group Environmental Action 2023 plan, which covers fiscal 2023 to fiscal 2025, the Group sets reduction targets in line with the Energy Conservation Act. By implementing energy-saving measures at each site, the entire Group is promoting the efficient use of energy.

Policy

[IHI Group Basic Environmental Policy >](#)

Governance

Structures for Implementing Initiatives to Become Carbon Neutral

Within the IHI Group, the Environment Committee deliberates and decides on activity strategies, plans and targets relating to the response to climate change.

In fiscal 2021, the Group established the Carbon Neutral Task Force* to promote measures aimed at realizing carbon neutrality throughout the value chain, with the Administration Division serving as its secretariat and with members from across the Group's divisions. The Carbon Neutral Task Force's activities are reported to and discussed by the Environment Committee, before being reported to the ESG Management Promotion Committee; feedback received from management is shared throughout the Group.

Of the matters discussed at these committees and meetings, those matters related to important management decisions, such as setting targets for carbon neutrality, 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 Carbon Neutral Task Force's members include representatives of the Administration Division, Finance & Accounting Division, Intelligent Information Management Division, Corporate Research & Development Division, Procurement Strategy Planning Division, and individual business areas.

System for Achieving Carbon Neutrality



Strategy

IHI Carbon-Neutral 2050

The IHI Group is committed to achieving the Paris Agreement's target of limiting the global average temperature increase to well below 2°C above pre-industrial levels, and striving to limit the temperature increase to 1.5°C above pre-industrial levels, by promoting "IHI Carbon-Neutral 2050."

The Group aims to halve direct and indirect greenhouse gas emissions (Scope 1, 2) from its business activities compared to 2019 by fiscal 2030 and achieve effectively zero emissions by 2050. As short-term measures, the Group established the IHI Group Environment Action Plan 2023 (FY2023–FY2025) and set the target of reducing total Scope 1 and 2 emissions by 12,000 t-CO₂e through capital investment. The Group succeeded in reducing emissions by 9,000 t-CO₂e in fiscal 2024, with the goal of achieving a further reduction of 3,000 t-CO₂e by fiscal 2025. The Group has also set a target of reducing energy intensity (energy consumption per unit of sales) by 3% compared to fiscal 2022.

The Group also aims to achieve effectively zero greenhouse gas emissions released in upstream and downstream processes (Scope 3) by 2050. The Group formulated the Scope 3 Emissions Reduction Roadmap, will reduce emissions with a focus on category 11 (use of sold products) and category 1 (purchased products and services), which have particularly large emissions, to achieve carbon neutrality across Scopes 1, 2, and 3.

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.

IHI Carbon-Neutral 2050

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

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.

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

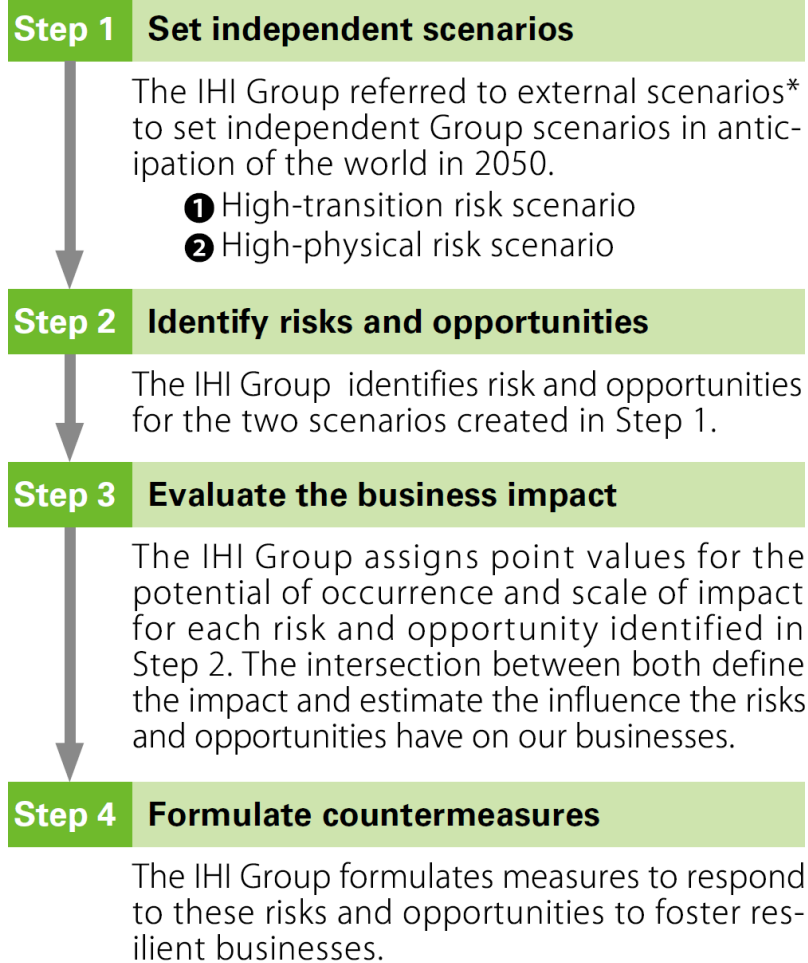
The IHI Group can also reduce risks against the harshest world facing both these scenarios (① and ②) at the same time by integrating the countermeasures for each.

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.

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.

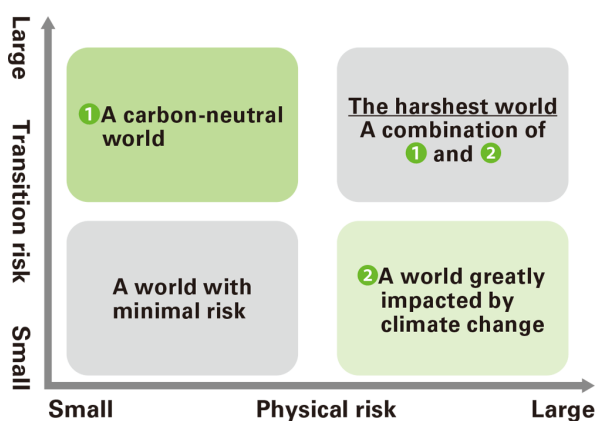
Scenario Analysis Process



* External reference scenarios:

- A carbon-neutral world
IEA 2DS (qualitative assessment based on the ETP2017 Global technology penetration in LDV stock by scenario, global electricity generation, etc.)
- A world greatly impacted by climate change
RCP 8.5 (qualitative assessment based on the portions relating to wind and flood damage risk of IPCC AR5 WG2)

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

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

(1) Risks, Opportunities, and Main Countermeasures in a Carbon-neutral World

	Energy Business	Bridge and Water Gate Business	Vehicle Supercharger Business	Civil Aero Engine Business
Risks	Declining demand for large fossil fuel power generation equipment	Increasing procurement costs (carbon tax, etc.) for materials with high CO₂ emissions (concrete, steel, etc.)	Declining demand for combustion engine vehicles unable to address carbon-neutral requirements and a falling demand for existing turbochargers	Declining demand for aircrafts due to carbon-neutral requirements and standardization of alternative highspeed means of transportation
Opportunities	- 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	- 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	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.)	Increasing demand for the development of aircraft engines supporting carbon neutral requirements and a rise in opportunities due to electrification of engines and utilization of advanced material technologies.
Main countermeasures	- Rapidly deploy carbon-neutral technologies to society - Promote technological development to stabilize the energy supply - Expand the lifecycle business through remote monitoring and other Internet of Things (IoT) technologies	Reduce construction schedules and labor costs by labor-saving, remotization, and improving construction methods through promoting digital transformation (DX)	Rapid development and commercialization of turbochargers for electric vehicles that comply with carbon-neutral requirement trends	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

	Energy Business	Bridge and Water Gate Business	Vehicle Supercharger Business	Civil Aero Engine Business
Risks	• Extreme delays due to on-site construction stoppages or disasters caused by frequent severe weather	• Extreme delays due to on-site construction stoppages or disasters caused by frequent severe weather	• Suspension of production due to disrupted supply chains caused by frequent severe weather	• Suspension of production due to disrupted supply chains caused by frequent severe weather
Opportunities	• Contributing to early recovery of equipment damaged in severe weather • Increasing demand for digital technologies to promote labor saving and remote operation	• Increasing demand to build robust national infrastructure • Contributing in early recovery of infrastructure damaged in severe weather	• No opportunities unique to our business	• No opportunities unique to our business
Main countermeasures	• Expand the lifecycle business through www monitoring and other Internet of Things (IoT) technologies	• Expand business beyond lifecycle 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	• Strengthen supply chains	• Strengthen supply chains

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.	• 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

Mitigating Climate Change (Initiatives to Become Carbon Neutral)

Reducing Scope 3 Emissions

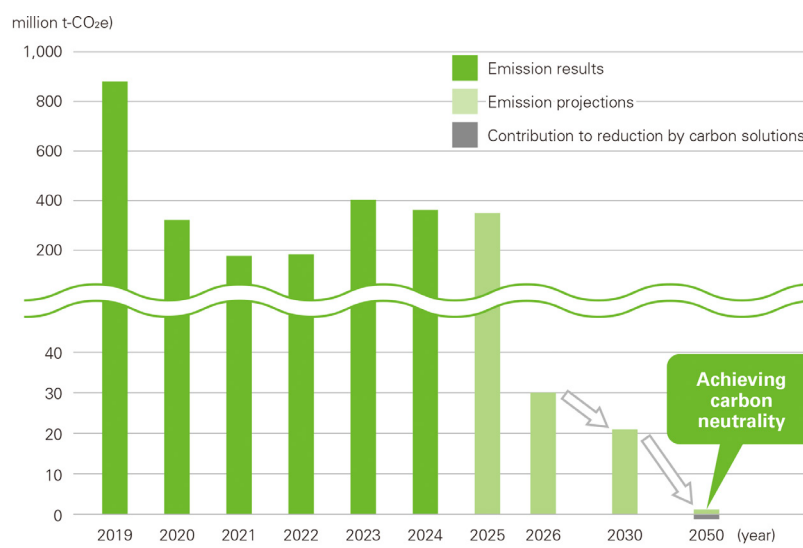
The majority of the IHI Group's Scope 3 emissions fell under category 11 (use of sold products) with coal-fired power plant boilers accounting for most of these emissions during fiscal 2023. However, new boiler construction will be completed by fiscal 2025, with emissions expected to decrease significantly from fiscal 2026 onwards. The Group also aims to significantly reduce emissions from other products included in category 11 by 2050 by converting to clean energy and improving energy consumption efficiency.

In order to achieve these goals, the IHI Group has devised a roadmap for reducing its Scope 3 emissions by 2050. In line with this roadmap, the Group will continue to reduce GHG emissions throughout the life cycle of our products from the material procurement, design, and manufacturing stages and use after customer purchase. Furthermore, the Group aims to reduce Scope 3 emissions by working to come up with carbon solutions to reduce its carbon footprint, such as building a fuel ammonia value chain and through carbon dioxide capture, utilization, and storage (CCUS).

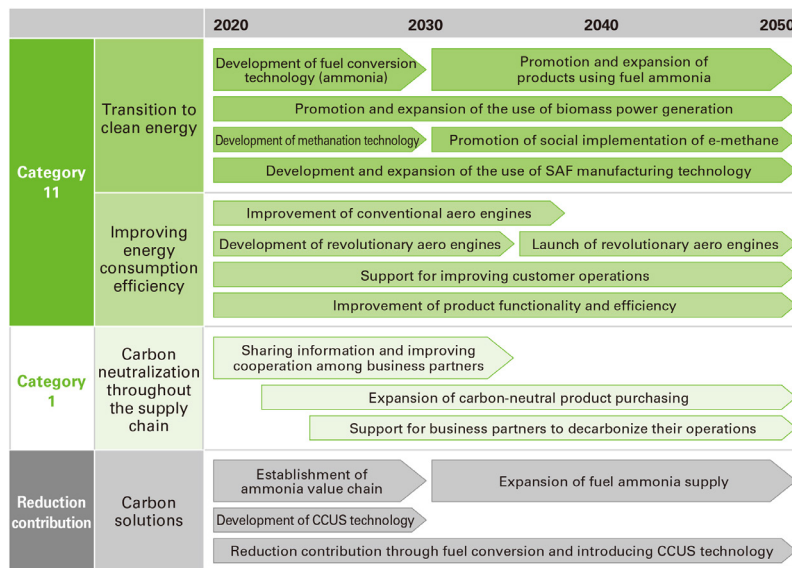
Regarding civil aero engines, which serve as the IHI Group's main product, the Group is working with business partners to make its entire supply chain, including material procurement, carbon neutral. Additionally, the Group is making efforts to improve conventional aero engine fuel efficiency and develop revolutionary aero engines with the goal of improving aircraft energy efficiency as a whole. Moreover, the Group will be focusing on developing and expanding the use of sustainable aviation fuel (SAF) production technology, aiming for carbon neutrality across its entire value chain.

In particular, the IHI Group has taken an interest in fuel ammonia. The Group plans to build a value chain by leveraging its strengths throughout each stage in the process, from fuel manufacturing, receiving, storage, and utilization. This will be beneficial toward expanding the use of fuel ammonia and contributing to reducing GHG emissions among society as a whole.

Scope 3 Emissions Results and Projections



Scope 3 Emissions Reduction Roadmap



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 the IHI Group assesses the medium- to long-term impact of these risks to the Group and converts 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.

Metrics and Targets

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

In fiscal 2023, the Board of Directors adopted a resolution setting a goal of halving the Group's fiscal 2019 GHG emissions from plants, offices, and other business establishments (Scope 1 and 2) by fiscal 2030.

“Climate Change” Targets and Results (IHI Group Environmental Action Plan 2023 [FY2023–2025])

(Scope: IHI and consolidated subsidiaries)

FY2025 Target	KPI	FY2022 Results (Base Year)		FY2023	FY2024
A 12,000 t-CO ₂ e reduction in Scope 1 and 2 with capital investment	Reduced amount of GHG emissions	GHG emissions 215,753t-CO ₂ e	Financial year target	Compared to FY2022 2,000t-CO ₂ e reduction	Compared to FY2022 6,000t-CO ₂ e reduction
			Results	211,970t-CO ₂ e	197,274t-CO ₂ e
			Compared to FY2022	3,783t-CO ₂ e reduction	18,479t-CO ₂ e reduction
Reduce energy consumption intensity by 3% in FY2025 from that in FY2022	Reduction rate of energy consumption intensity	Energy consumption intensity 17.0TJ/10 billion yen	Financial year target	Compared to FY2022 1% reduction	Compared to FY2022 2% reduction
			Results	17.6TJ/10 billion yen	13.6TJ/10 billion yen
			Compared to FY2022	3.5% increase	19.6% reduction

GHG Emissions (Scope 1 and 2) and Energy Consumption

(Scope: IHI and consolidated subsidiaries)

Item		FY2021		FY2022		FY2023		FY2024	
	Breakdown		Third-party Verification		Third-party Verification		Third-party Verification		Third-party Verification
GHG emissions (Scope 1 + Scope 2) (t-CO2e)*1		220,138	○	215,753	○	211,970	○	197,274	○
Scope 1 (t-CO2e)		64,270	○	61,469	○	65,033	○	57,951	○
CO2 (t-CO2)		—	—	60,178	○	63,393	○	56,420	○
CH4 (t-CO2e)		—	—	447	○ (Domestic Only)	974	○ (Domestic Only)	923	○ (Domestic Only)
N2O (t-CO2e)		—	—	85	○ (Domestic Only)	85	○ (Domestic Only)	76	○ (Domestic Only)
HFCs (t-CO2e)		—	—	469	○ (Domestic Only)	281	○ (Domestic Only)	443	○ (Domestic Only)
PFCs (t-CO2e)		—	—	0	○ (Domestic Only)	0	○ (Domestic Only)	0	○ (Domestic Only)
SF6 (t-CO2e)		—	—	290	○ (Domestic Only)	299	○ (Domestic Only)	90	○ (Domestic Only)
NF3 (t-CO2e)		—	—	0	○ (Domestic Only)	0	○ (Domestic Only)	0	○ (Domestic Only)
Scope 2 (market-based) (t-CO2)		155,868	○	154,284	○	146,937	○	139,322	○
GHG emissions intensity (t-CO2e/100 million yen)*2		18.8	—	15.9	—	16.0	—	12.1	—
Energy consumption (TJ)*1		2,348	○	2,294	○	2,322	○	2,218	○
Fuel consumption (TJ)		1,084	○	1,019	○	1,070	○	993	○
Electricity consumption (TJ)		1,229	○	1,230	○	1,184	○	1,146	○
Heat consumption (TJ)		5	○	0	○	0	○	0	○
Renewable energy used (TJ)		31	○	45	○	69	○	79	○
Energy consumption intensity (TJ/10 billion yen)*2		20.0	—	17.0	—	17.6	—	13.6	—

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

*2 The denominator of the intensity is net sales revenue.

GHG Emissions (Scope 3)

The IHI Group calculated its Scope 3 emissions based on the GHG Protocol and the Ministry of the Environment Guideline*. Within Scope 3, emissions from category 11 (use of sold products) were the highest, followed by category 1 (purchased products and services).

* A basic guideline for calculating GHG emissions for organizations across the supply chain.

(Unit: t-CO₂e)

Item	Calculation Methods	Scope of Calculation	Emissions				
			FY2021	FY2022	FY2023	FY2024	Third-party verification
Category							
GHG emissions (Scope 3) total			177,593,000	184,475,000	403,575,000	357,089,456	—
1. Purchased goods and services	Calculation based on expenditures	IHI and consolidated subsidiaries	4,197,000	4,665,000	5,130,000	5,455,000	—
2. Capital goods	Calculation based on amount of capital investment	IHI and consolidated subsidiaries	145,000	205,000	239,000	326,000	—
3. Fuel and energy-related activities not included in Scope 1 or Scope 2	Calculation based on consumption of various types of energy	Domestic consumption of electric power and city gas only	13,000	13,000	13,000	13,000	—
4. Upstream transportation and delivery**	Calculation based on transportation amounts	IHI and some domestic consolidated subsidiaries	1,000	1,000	1,000	5,000	—
5. Waste generated in operations	Calculation based on waste generated	IHI and consolidated subsidiaries	8,000	8,000	9,000	9,000	—
6. Business travel	Calculation based on amounts of business travel expenses	IHI and consolidated subsidiaries	14,000	14,000	14,000	14,000	—
7. Employee commuting	Calculation based on amount of commuting expenses	IHI and consolidated subsidiaries	4,000	4,000	4,000	4,000	—
8. Upstream leased assets	Calculation included in Scope 1 and 2	—	—	—	—	—	—
9. Downstream transportation and distribution	Not covered**	—	—	—	—	—	—

10. Processing of sold products	Not covered*3	—	—	—	—	—	—
11. Use of sold products	Calculation based on energy consumption by products, GHG emissions intensity takes into account future changes based on scenarios from the government and industry organizations*4	IHI and consolidated subsidiaries	173,211,000	179,565,000	398,165,000	351,263,456	○ (The verification scope is 99.8% based on emissions.)
12. End-of-life treatment of sold products	Not covered*5	—	—	—	—	—	—
13. Downstream leased assets	Calculation included in category 11	—	—	—	—	—	—
14. Franchises	Not covered*6	—	—	—	—	—	—
15. Investments	Not covered*7	—	—	—	—	—	—

*1 The calculation method through fiscal 2023 is based on weight, distance, and energy for each means of transportation. In addition, the scope of calculation through fiscal 2023 is IHI Corporation.

*2 Many products are excluded because they are rarely transported after delivery and installation and as a result, emissions are minimal.

*3 In many instances, finished products are delivered, and even if there are parts, the emissions from assembly and so on are minimal, and as a result, they are excluded.

*4 For calculation method for civil aero engines, please refer to the reference material below.

*5 Many products are made of metal and are recyclable, thus the final disposal volumes are minimal and the amount of waste is small, and have been excluded as a result.

*6 The IHI Group is does not use a franchise format, making it ineligible.

*7 In Ministry of the Environment materials (frequently asked questions and answers on supply chain emissions calculations), category 15 applies to private financial institutions, and accordingly, is excluded.

Third-party Verification of Data [PDF](#)

Reference: Scope 3 Category 11 Calculation Method for Civil Aero Engines

Scope 3 category 11 includes greenhouse gas (GHG) emissions from the use of goods and services sold by the reporting company. Commercial aircraft are required to achieve net-zero GHG emissions by 2050 in accordance with an international agreement specified by the International Civil Aviation Organization (ICAO). The IHI Group recognizes the importance of the calculation and evaluation of GHG emissions during use of its engines to achieve carbon neutrality in the civil aero engine business, which is positioned as one of our growth businesses.

The calculation formula for the IHI Group civil aero engine Scope 3 category 11 is shown as follows. The Group calculates the value based on the amount of GHG emissions generated during the use of its aero engines sold in the relevant fiscal year, taking account of the ratio of engine to aircraft weight, and the ratio of participation in engine development programs.

Scope 3 category 11 for IHI civil aero engines

$$= \Sigma \left\{ \frac{\text{Number of engines sold} \times \text{Total lifetime of the sold engine} \times \text{Annual fuel consumption per engine} \times \text{Emission factor}}{\text{Engine weight / Aircraft weight}} \times \text{Ratio of participation in engine development programs} \right\}$$

①

②

③

①GHG emissions during the total lifetime of the sold aero engines in the relevant fiscal year

The Group calculates GHG emissions during the total lifetime of the sold engine in the relevant fiscal year by multiplying amount of fuel consumption during the use of engines sold (number of engines sold × total lifetime of the sold engine × annual fuel consumption per engine) by emission factor (CO₂ emissions per unit of fuel consumption).

The emission factor is based on the values defined by the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) established by ICAO. It also takes into account potential changes through the future implementation of sustainable aviation fuel (SAF).

②Ratio of engine to aircraft weight

Since the engine is a part of the aircraft, it is necessary to multiply (engine weight / aircraft weight) in accordance with the Technical Guidance for Calculating Scope 3 Emissions, the international standard GHG protocol for calculating and reporting GHG emissions.

Engine and aircraft weight are dry weight based on data provided by the European Union Aviation Safety Agency (EASA).

③Ratio of participation in engine development programs

Civil aero engines are usually developed jointly by several companies. Companies participating in engine development programs share development costs and management risks. They bear business costs and receive profits depending on the ratio of participation under individual contracts. Considering it appropriate to allocate GHG emissions during the use of engines according to the ratio of the participation in engine development programs, the Group multiplies the relevant participation ratio.

The calculation of Scope 3 category 11 for civil aero engines does not include engine maintenance and the manufacture of spare parts.

Initiatives

Mitigating Climate Change (Initiatives to Become Carbon Neutral)

The IHI Group aims to make its complete value chain carbon-neutral by 2050. We are striving to reduce direct and indirect (Scope 1 and 2) GHG emissions from our business activities as well as Scope 3 emissions from the upstream and downstream processes in our value chain.

Initiatives to Become Carbon Neutral

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

Reduction of CO₂ Emissions During Procurement and Production

The IHI Group is working to reduce CO₂ emissions in procurement and production activities to achieve carbon neutrality throughout the value chain.

043 >

Using Ammonia as Fuel

The IHI Group is working on the development of power generation technologies using ammonia as fuel and the construction of a value chain that envisions a society where ammonia utilization is expanded.

044 >

Lighten Products, Electrify, and Convert Fuel for Air Transport Systems

In air transport systems, the IHI Group is developing and implementing various technologies such as electrification to achieve carbon neutrality.

046 >

Using Recycled Carbon as an Energy Source

To prevent an increase in atmospheric CO₂, the IHI Group is conducting research on the technological development and social implementation of the separation, recovery, and effective utilization of emitted CO₂.

047 >

Efforts Toward Disaster Prevention and Reduction

Adapting to Climate Change

Through the development of resilient infrastructure and the utilization of water management systems that make use of weather forecasting, the IHI Group aims to achieve a safe and secure living environment.

048 >

Reduction of CO₂ Emissions During Procurement and Production

In its procurement activities, the IHI Group actively utilizes environmentally conscious suppliers and promotes the purchase of products with low CO₂ emissions in the manufacturing process.

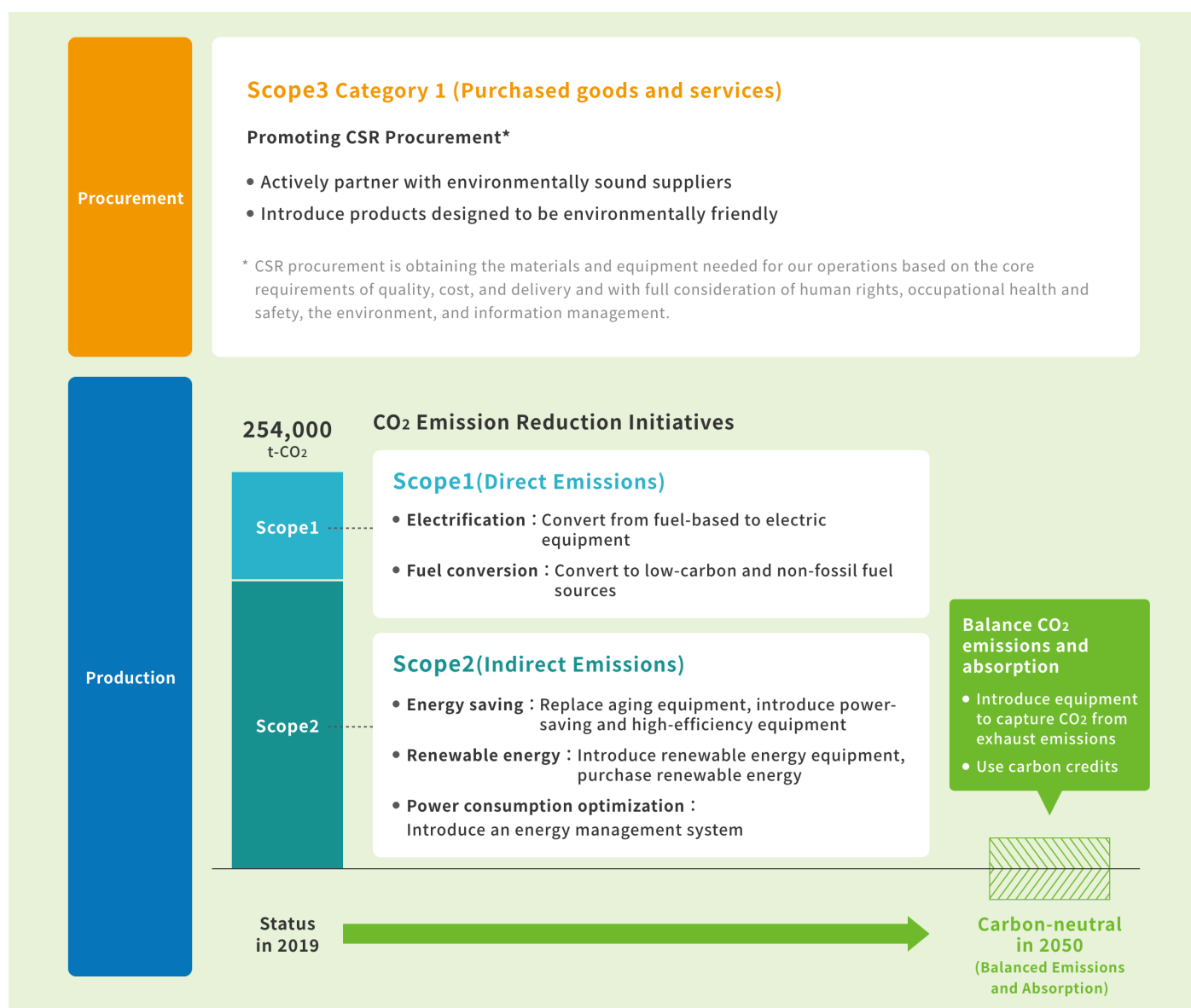
In production activities, the Group makes every effort to reduce CO₂ emissions from plants, offices, and other business establishments by both actively pursuing energy-efficient business practices and promoting the use of low-carbon energy.

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.

CO₂ Emission Reduction Initiatives



Using Ammonia as Fuel

Ammonia (NH₃) is expected to be a next-generation clean energy source that can help reduce the impact of climate change, not only because it transports hydrogen efficiently, but also because it does not emit CO₂ when combusted.

The IHI Group is developing power generation technology that uses fuel ammonia, leveraging the combustion technologies it has cultivated for thermal power generation. In addition, the Group is developing reciprocating engines and gas turbines that use ammonia as fuel by utilizing its combustion technology and design technology. Moreover, the Group is preparing the infrastructure for more widespread fuel ammonia by constructing an ammonia value chain covering every stage from production to consumption.

Realizing a Carbon Neutral Society Through the Use of Fuel Ammonia

Demonstrating the World's First Large-Scale Commercial Coal-Fired Power Generator Using 20% Ammonia Fuel

Since June 2021, IHI has been working in tandem with JERA Co., Inc. to demonstrate “Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation/Research, Development, and Demonstration of Technologies for Ammonia Co-Firing Thermal Power Generation,” a project subsidized by the New Energy and Industrial Technology Development Organization (NEDO). In this project, IHI demonstrates the world's first test of large-volume fuel ammonia substitution for a large-scale commercial coal-fired power generator at Hekinan Thermal Power Station Unit 4. On April 10, 2024, a 20% conversion to fuel ammonia was achieved during operation, at a rated output of 1 GW, and in June 2024 verification testing confirmed that nitrogen oxide (NO_x) emissions were equal or lower by switching over to using fuel ammonia, while sulfur oxide (SO_x) emissions were around 20% lower. IHI will work to establish a combustion technology that increases the ammonia ratio to more than 50% at thermal power plants and develop burners for 100% ammonia combustion, based on the knowledge gained through the demonstration test.

Toward the Commercialization of Gas Turbines Using 100% Ammonia

As commissioned by the New Energy and Industrial Technology Development Organization (NEDO), IHI has been working to develop the technology for a 2 MW-class gas turbine that achieves combustion by directly spraying liquid ammonia into the combustion chamber. In June 2022, IHI succeeded in achieving the world's first 100% combustion of liquid ammonia, reducing greenhouse gas emissions by over 99% during combustion.

To realize commercial implementation of this technology, endurance tests have been conducted at IHI's Aioi Office since July 2024, and the gas turbine is operating at the planned output. The tests have confirmed that emissions of nitrogen oxide (NO_x), an air pollutant, and nitrous oxide (N₂O), a potent greenhouse gas, were efficiently controlled. The electric power generated in this test was used at the Aioi Office.

IHI aims to commercialize ammonia-fueled gas turbines by 2026.



IHI-built IM270 2,000 kW-class gas turbine used in the long-term endurance testing at the Aioi Office

Demonstration Voyage of Sakigake, the World's First Ammonia-Fueled Tugboat

IHI Power Systems, in collaboration with several other companies including Nippon Yusen Kaisha (NYK), has been undertaking R&D work as part of the “Development of vessels equipped with domestically produced ammonia-fueled engines” project sponsored by the NEDO.

Sakigake, an ammonia-fueled tugboat that was completed on August 23, 2024, successfully finished a three-month demonstration voyage in November 2024. The demonstration voyage constituted verification testing for what is the world's first ammonia-fueled vessel; Sakigake achieved an approximately 95% reduction in greenhouse gas emissions compared to when heavy fuel oil is used. As part of the same project, NYK and IHI Power Systems have been working together with Japan Engine Corporation and Nihon Shipyard Co., Ltd. to develop the world's first ammonia-fueled ammonia transport vessel, which is scheduled for completion in November 2026.



Ammonia-fueled tugboat “Sakigake”

Ammonia Value Chain

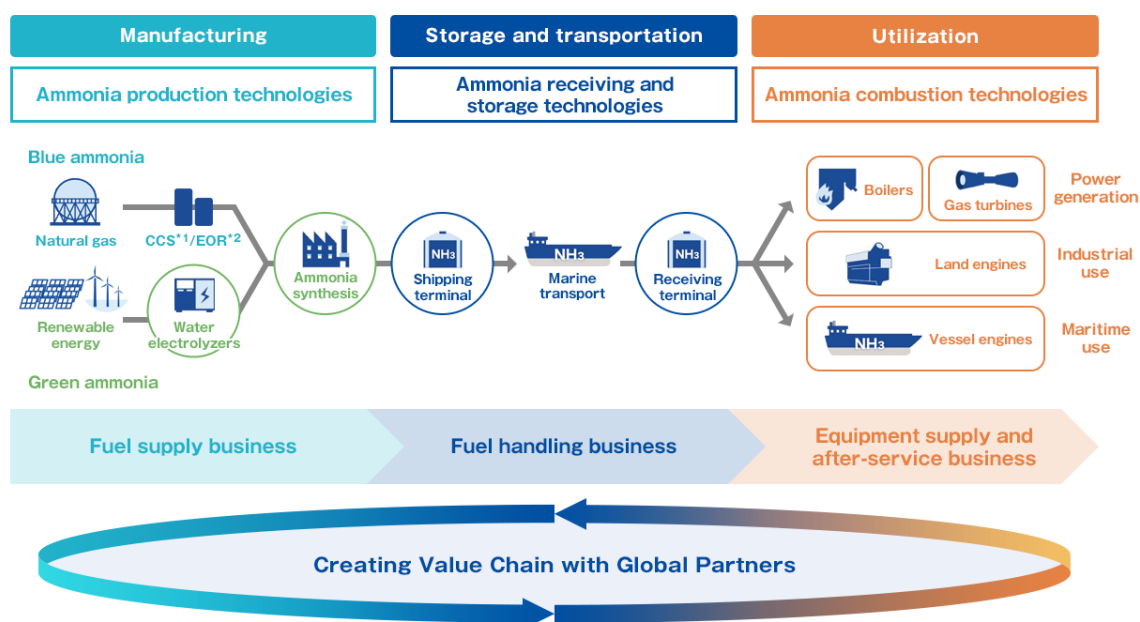
Worldwide ammonia production reached approximately 200 million tons in 2019, and it is already widely used as a raw material for fertilizers and chemical products. In Japan, around 1.1 million tons of ammonia are consumed annually, primarily for fertilizer applications. However, the demand for ammonia as a fuel for power generation is expected to grow significantly in the future. For instance, if major Japanese electric power companies were to implement 20% ammonia co-firing at all their thermal power plants, they would require approximately 20 million tons of ammonia* annually.

To meet the increasing fuel demand driven by expanded ammonia use, comprehensive infrastructure will be essential not only for large-scale production but also for transportation and storage, like the distribution network established for LNG.

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

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

Vision of the Fuel Ammonia Value Chain Business



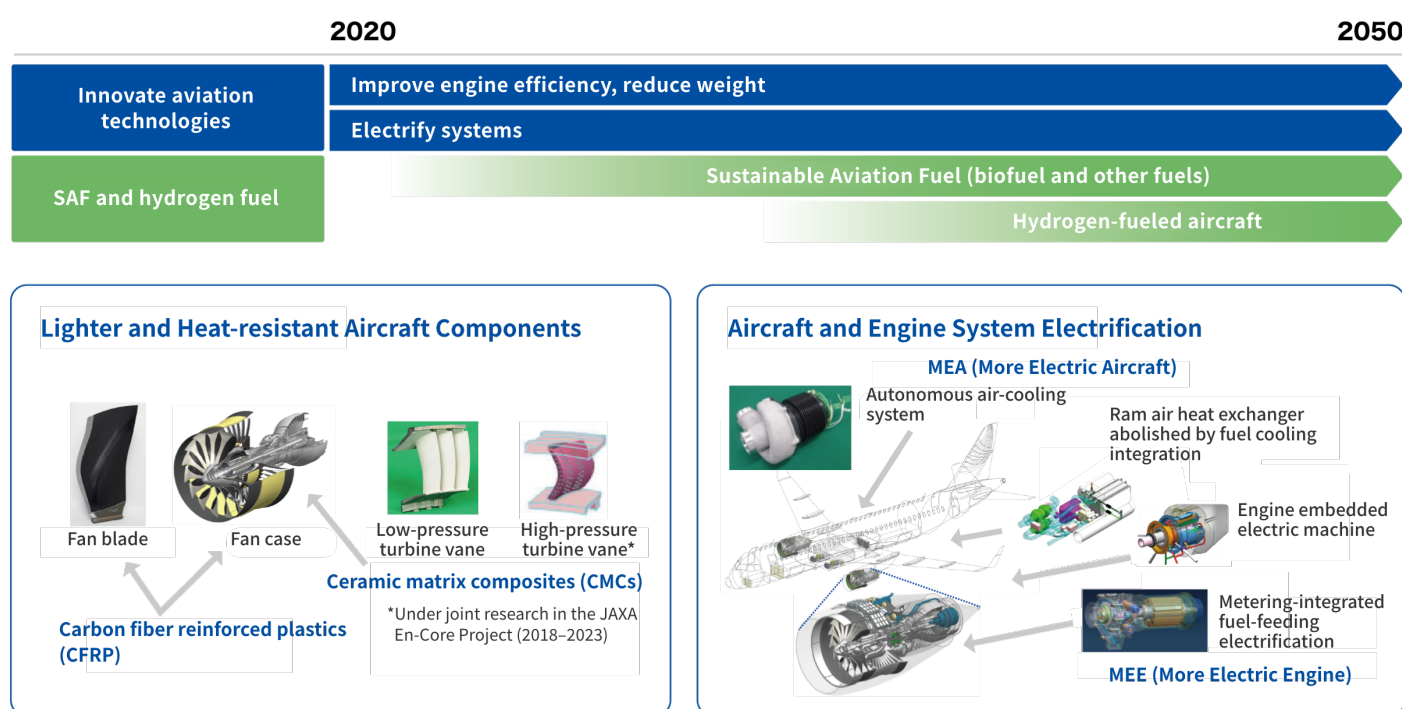
*1 CCS: Carbon dioxide capture and storage

*2 EOR: Enhanced oil recovery

Lighten Products, Electrify, and Convert Fuel for Air Transport Systems

In the aviation industry, reducing CO₂ emissions to make air transportation more environmentally friendly has become an important issue. In line with this goal, the International Air Transport Association (IATA) resolved in October 2021 that the global air transport industry will aim to achieve net-zero carbon emissions by 2050.

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

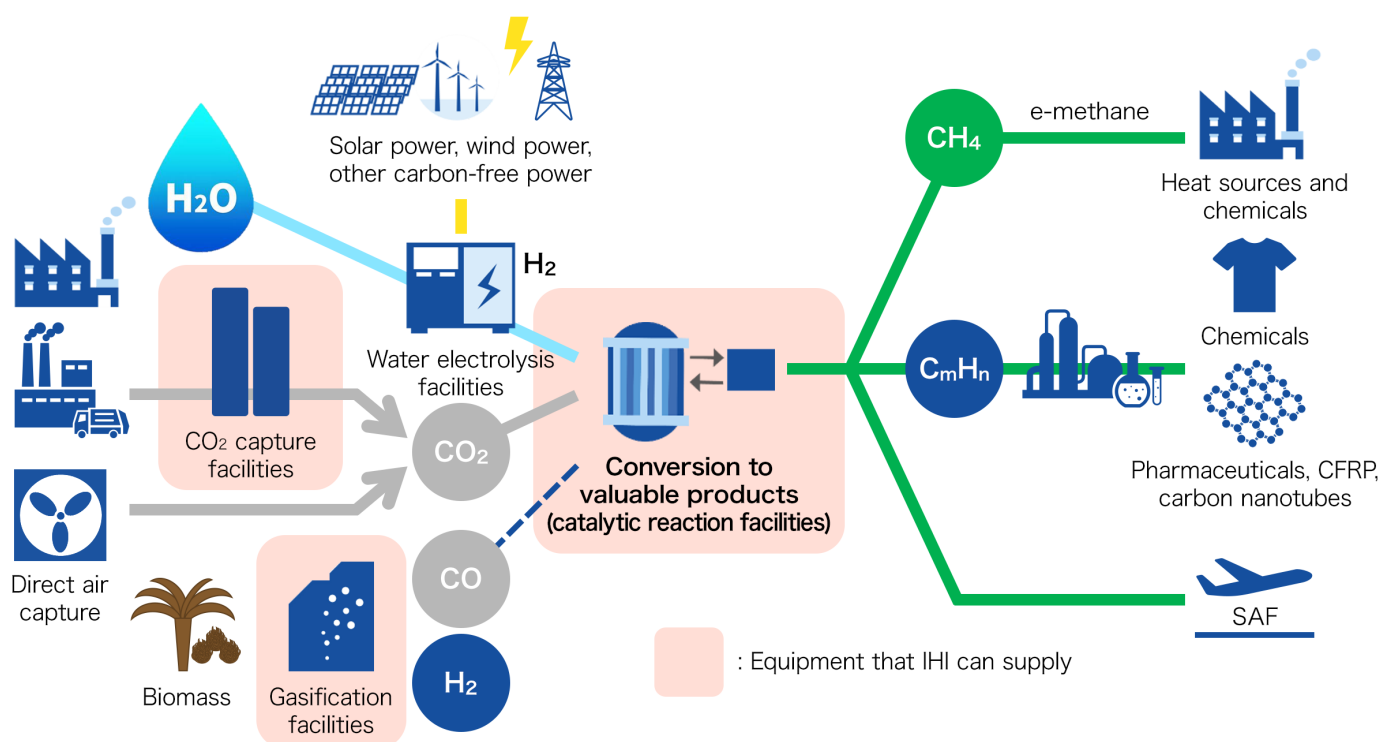


Using Recycled Carbon as an Energy Source

In order to prevent the release of CO₂ into the atmosphere, the IHI Group is working on Carbon dioxide Capture, Utilization and Storage (CCUS) activities that captures and separates CO₂ emitted from thermal power plants and other facilities. The captured CO₂ reacts with carbon-free hydrogen produced using renewable energy and is converted into fuels, methane (CH₄) or SAF (Sustainable Aviation Fuels), or materials, lower olefins.

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

Carbon Recycling Technology



Adapting to Climate Change

Preparations for Disasters to Continue Business Operations

The IHI Group established rules on organizational structures and actions to be taken in normal times and during disasters and makes preparations for the occurrence of large-scale earthquakes, typhoons, and other wind and flood disasters.

[Crisis Management >](#)

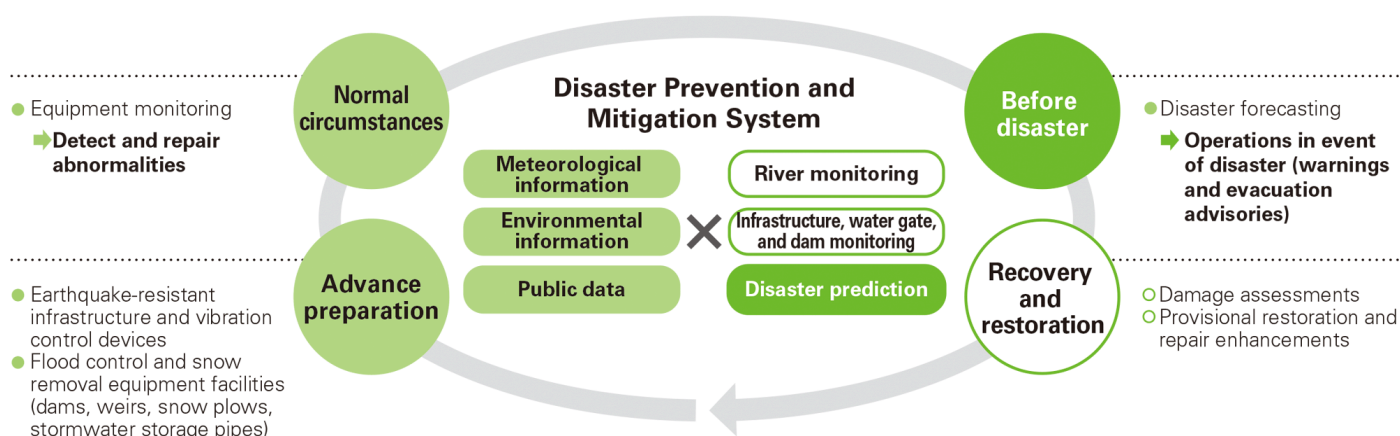
Preventing and Mitigating Disasters through Products and Services

The IHI Group seeks to create safe, secure, and livable communities and is developing infrastructure that is resilient against natural disasters and economical and building systems that integrate disaster and damage forecasts that can minimize human casualties with infrastructure.

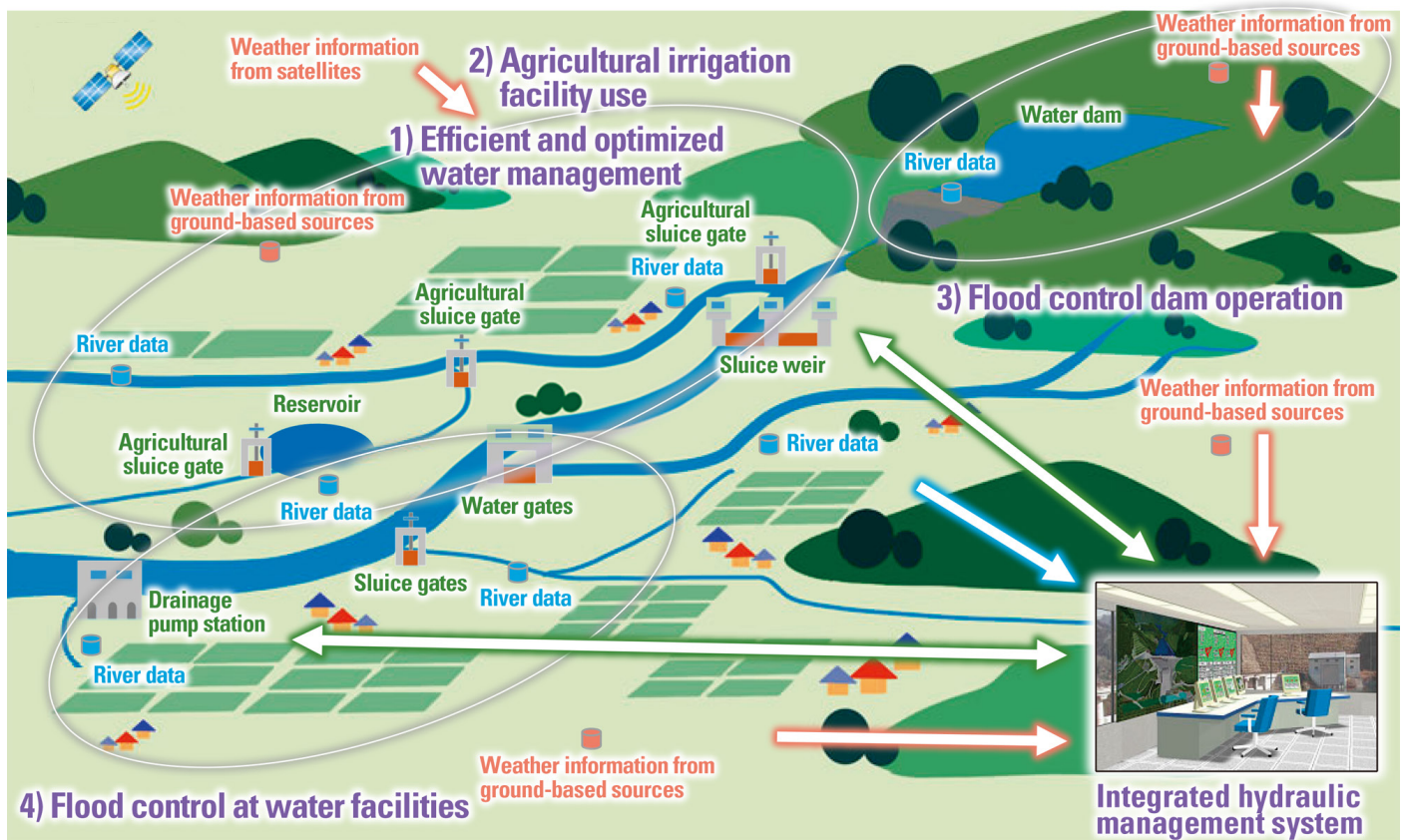
As infrastructure development, the Group is conducting timely and appropriate maintenance projects that leverage its advanced maintenance knowledge, sensing technology, and monitoring technology for infrastructure with a focus on bridges. To minimize human casualties and economic losses from disasters, the Group forecasts disasters based on meteorological information and disaster-related sensing data and performs integrated flood control management that optimally controls regional infrastructure (river management facilities including dams, water gates, and drainage pump stations, and agricultural irrigation facilities such as sluice gates).

In addition, the Group contributes to the rapid restoration of normal lives by providing products and services that are useful for recovery from disasters.

Creating a Resilient Social Infrastructure



Integrated Hydraulic Control



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

[Approach](#)
[Policy](#)
[Strategy](#)
[Risk Management](#)
[Metrics and Targets](#)

Approach

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

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

Besides implementing management of harmful chemical substances based on this Basic Policy, the IHI Group is also driving efforts to reduce the usage of such substances, and to replace them with safer substances where possible.

Policy

[IHI Group Basic Environmental Policy >](#)

IHI Group's Basic Policy on Chemicals Information Management

Basic Activities

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

Scope

2. All IHI Group business activities

Education

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

Management System, etc.

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

Strategy

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

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

Risk Management

| Water Pollution Prevention

The IHI Group strictly complies with wastewater standards and establishes and manages voluntary wastewater standards that exceed public standards set in laws and regulations, such as the Water Pollution Prevention Act, and ordinances adopted by local governments to preserve the quality of public bodies of water including oceans and rivers into which the Group discharges water.

To confirm the status of achievement of standard values, the Group carries out regular voluntary water sampling, analysis, and monitoring and daily patrol inspections of discharge outlets. For maintenance of wastewater treatment facilities, the Group performs systematic updates of aging equipment, measuring devices, and buried pipes.

| Soil Contamination Prevention

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

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

| Chemical Substances

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

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

Chemical Substance Management at Offices and Plants

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

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

To ensure worker safety at offices and plants, the IHI Group obtains and maintains Safety Data Sheets (SDS), determines hazard information and optimal handling, and manages chemical substances appropriately according to their properties. In addition, the Group prepared an operational management manual that covers the series of processes from purchasing and receiving to use, storage, and disposal to prevent soil, water, and atmospheric pollution caused by leaks of chemical substances (environmental accidents). The Group also conducts emergency response training and makes periodic capital investment to update aging facilities.

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

Management of Chemical Substances Contained in Products

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

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

| Toxic Waste (Waste Containing PCB)

The IHI Group is furthering its response to the need to properly dispose of hazardous polychlorinated biphenyls (PCBs) waste by organizing a dedicated team led by the head office, and is proceeding with measures to ensure that 100% of such waste is properly disposed of by the statutory deadline of March 31, 2027.

As of March 31, 2025, the Group has successfully disposed of 100% of electrical equipment containing high-concentration PCBs and 91.3% of electrical equipment containing low-concentration PCBs. For electrical ballasts, the processing rate was 99.7%.

| Environmental Risk Monitoring

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

In fiscal 2024, audits were conducted at nine sites. The audits did not identify any major problems, but minor issues were found and promptly corrected, and the Group has confirmed that there are currently no problems with environmental management systems.

Biodiversity Conservation

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

The Group has been participating in the 30by30 Alliance for Biodiversity of the Ministry of the Environment since May 2024. In fiscal 2025, the “Higashiomi Tatebe Waterway for Creatures,” which is certified as the Nationally Certified Sustainably Managed Natural Sites*, was registered in the international database as an OECM (Other Effective area-based Conservation Measures).

* Nationally Certified Sustainably Managed Natural Sites: Locations where private-sector and other initiatives preserve biodiversity, certified by the national government.



Environmental Conservation of the “Higashiomi Tatebe Waterway for Creatures” (IHI and IHI Construction Service)

IHI and IHI Construction Service (IHK) are involved in water management for agricultural waterways in the Echi River basin, which flows near the IHK Shiga Plant (Higashiomi City, Shiga Prefecture), and conduct environmental conservation activities in the surrounding river basin. Cleaning the agricultural waterways and improving the environment has also led to improved habitats for Biwa trout and sweetfish, species that are endemic to the Echi River, where the water drains. This initiative is the first for the IHI Group to be registered by the Ministry of the Environment of Japan as a Nationally Certified Sustainably Managed Natural Site (the Japanese version of OECM) for the first half of 2024.

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

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

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

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

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

The IHI Yokohama Office conducts conservation activities to protect the Sugita plum tree, a species native to the Sugita district of Isogo Ward in Yokohama City, Kanagawa Prefecture, where the office is located. The office used a vacant area of about 3,000 square meters located on the premises to start planting Sugita plum seedlings every year, beginning from 2023. As of January 2025, around 40 saplings had been cultivated, some of which have already bloomed.

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

Biodiversity Habitat Disclosure (IHI Aioi Office)

The IHI Aioi Office is located in a rich natural environment surrounded by the Aioi Bay and mountain forests. Green spaces make up approximately 70% of the site’s area, and the biodiversity potential of those areas was confirmed through surveys of the flora and fauna and green infrastructure development. In fiscal 2018, the site was newly certified as a wildlife coexistence business establishment through the sixth certification selection process of the Association for Business Innovation in Harmony with Nature and Community (ABINC), and the certification was renewed in fiscal 2024.

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

Metrics and Targets

Compliance with Environmental Laws and Regulations

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

In fiscal 2024, the IHI Group had no major environmental accidents or legal violations affecting management.

“Conservation of the Global Environment” Targets and Results (IHI Group Environmental Action Plan 2023 [FY2023–2025])

(Scope: IHI and consolidated subsidiaries)

FY2025 Target	KPI	FY2022 Results (Base Year)		FY2023	FY2024
Zero environmental accidents and environmental law violations	Number of environmental accidents and environmental law violations	—	Financial year target	Zero environmental accidents and environmental law violations	Zero environmental accidents and environmental law violations
			Results	0	0

Number of Environmental Accidents and Violations of Law

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

Item	FY2021	FY2022	FY2023	FY2024
Significant environmental accidents	0	0	0	0
Major violation of environmental laws/regulations	0	0	0	0
Number of cases in which IHI paid fines, penalties, etc.	0	0	0	0

Ozone Depleting Substances Emissions

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

Item	FY2021	FY2022	FY2023	FY2024
HFCs	—	469	281	443

Volatile Organic Compounds Emissions

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

Item	FY2021	FY2022	FY2023	FY2024
Toluene	39	48	48	52
Xylene	29	59	50	49
Ethylbenzene	6	37	39	40
Methyl isobutyl ketone	0	0	4	6
Tetrachloroethylene	2	2	2	2

Chemical Substance Emissions/Substances Transferred

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

Item	FY2021	FY2022	FY2023	FY2024
Emissions (atmosphere, public bodies of water, soil)	—	152	150	161
Transferred amount (sewage, waste)	—	85	93	63

Ratio of Treated Toxic Waste (Waste Containing PCBs)

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

Item	FY2021	FY2022	FY2023	FY2024
Electrical equipment containing high-concentration PCBs	99.9	100	100	100
Electrical equipment containing low-concentration PCBs	94.0	97.5	94.9	91.3
Electrical ballasts	58.8	69.5	83.7	99.7

Circular Economy

▼ Approach ▼ Policy ▼ Strategy ▼ Risk Management ▼ Metrics and Targets

Approach

The IHI Group positions the creation of a circular economy as one of its main environmental issues, and strives to reduce waste emissions and water consumption, improve resource efficiency, and reduce environmental impact.

Policy

[IHI Group Basic Environmental Policy >](#)

Strategy

The IHI Group aims to create a resource-recycling-oriented society thereby helping drive the transition to a circular economy. Therefore, in its business activities, the Group is working to reduce waste emissions through the 3Rs (reduce, reuse, recycle) and to reduce water withdrawal and water consumption. Also, in addition to providing resource-efficient products using minimal quantities of resource input and consumption, the Group is working to expand its business of providing comprehensive services that include reuse, repair and maintenance throughout the entire product life cycle.

Risk Management

| Waste

The IHI Group strives to reduce waste emissions by improving the yield of raw materials in plant production and improving recycling rates through careful separation. The Group is also working to promote the transition to a circular economy. To this end, the Group is working, through its lifecycle businesses, to develop designs that take into consideration the effective use of social capital in the raw material procurement, plant production, and product use processes, and to expand services that allow products to continue to be used for a long time and which minimize the amount of waste generated.

Additionally, to ensure that all waste is disposed of properly, the Group reviews collection, transportation, and waste disposal contracts, verifies final disposal through digital manifests, and confirms circumstances on-site at intermediate and final waste disposal sites.

In order to continue these efforts effectively over the long term, the Group is implementing waste auditing using the ISO 14001 framework.

Cooperation with Third Parties to Reduce Waste Emissions

The IHI Group works with expert consultants to operate a waste management system to reduce waste emissions at its plants and offices and ensure compliance with laws and regulations. By monitoring the amounts of each type of waste generated at each site, and the main sources of waste, the Group is striving to reduce the overall quantity of waste generated. Furthermore, the Group ensures compliance with laws and regulations and reduces waste emissions by checking intermediate disposal contracts and contract periods.

Similarly, the Group regularly entrusts specialized consultants with group training for waste management personnel at offices, plants, and affiliated companies, where they learn about legal and regulatory requirements and case studies of legal and regulatory violations.

| 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 office and plant considers the water quality and quantity necessary for its use and chooses the best resource to withdrawal water.

In some plants where river water is available in abundance, river water is used instead of tap water as cooling water for heat treatment furnaces, etc. When draining water, heat exchangers are used to avoid pollution risks during water discharge.

Also, the Group is also working with local governments to consider products and services that contribute to the effective use of agricultural water and other water resources.

Water Risks Survey

The IHI Group conducted a survey of water-stressed regions using the World Resource Institute's Aqueduct Water Risk Atlas, a global water risk map, targeting consolidated affiliate companies that collect environmental information.

Of the 71 locations surveyed, 4 locations (5.6%) were in areas classified as High Risk or higher. Based on the survey results, the Group will consider measures at sites classified as High Risk or higher and implement water risk management.

Specific Activities to Reduce Water Consumption

In order to reduce water consumption, the IHI Group reuses tertiary treated water instead of city water for sprinklers on its grounds to the extent possible, and reuses wastewater in painting and cleaning processes. At the head office building, gray water made from recycled kitchen wastewater and other gray water is used to flush the toilets.

In addition, as a Group-wide environmental activity goal, the Group has set a 1% reduction in water withdrawal at each site compared to the previous fiscal year, and the Group is managing the monthly water withdrawal at each environmental management center by graphing it and comparing it over time. Monitoring the monthly changes in water withdrawal leads to early detection of any leakage.

Metrics and Targets

“Circular Economy” Targets and Results (IHI Group Environmental Action Plan 2023 [FY2023–2025])

(Scope: IHI and consolidated subsidiaries)

FY2025 Target	KPI	FY2022 Results (Base Year)		FY2023	FY2024
Reduce waste emissions by 3% or more in FY2025 from that in FY2022	Reduction rate of waste emissions	Waste emissions 23,044 tons	Financial year target	Compared to FY2022 1% reduction	Compared to FY2022 2% reduction
			Results	25,410 tons	21,942 tons
			Compared to FY2022	10.3% increase	4.8% reduction
- Review the definition of recycling rate - Determine the amount of final disposal to be at least 90 wt% of total waste	Rate of final disposal volume determined	—	Financial year target	Revising the definition of recycling rate	Determine 50 wt% of total disposal
			Results	The definition of recycling rate was revised and finalized	59.3 wt% determine
Reduce water withdrawal by 3% or more in FY2025 from that in FY2022	Reduction rate of water withdrawal	Water withdrawal 4,037 thousand m ³	Financial year target	Compared to FY2022 1% reduction	Compared to FY2022 2% reduction
			Results	5,844 thousand m ³	4,662 thousand m ³
			Compared to FY2022	44.8% increase	15.5% increase*

* Water withdrawal increased due to increased production.

Waste Emissions and Water Withdrawal/Waste Water

(Scope: IHI and consolidated subsidiaries)

Item		FY2021	FY2022		FY2023		FY2024	
				Third-party Verification		Third-party Verification		Third-party Verification
Waste	Waste emissions (tons)	23,633	23,044	○	25,410	○	21,942	○
	Of which, toxic waste emissions (tons)	255	156	○ (Domestic only)	128	○ (Domestic only)	150	○ (Domestic only)
	Amount of valuable materials (recycled) (tons)	16,164	17,869	○	15,219	○	16,310	○
Water	Water withdrawal (1,000m ³)*	4,195	4,037	○	5,844	○	4,662	○
	Public water (1,000m ³)	664	670		2,326		728	
	Industrial water (1,000m ³)	792	737		738		704	
	Groundwater (1,000m ³)	1,691	1,451		1,506		1,472	
	Rainwater, rivers, lakes, etc. (1,000m ³)	1,047	1,180		1,274		1,758	
	Waste water (1,000m ³)*	3,265	3,181	○	4,856	○	3,746	○
	Sewage (1,000m ³)	—	—	—	—	—	498	
	Rivers(1,000m ³)	—	—		—		3,107	
	Lakes, wetlands (1,000m ³)	—	—		—		0	
	Seawater or brackish water (1,000m ³)	—	—		—		140	
	Underground penetration (1,000m ³)	—	—		—		0	

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

Third-party Verification of Data [PDF](#)

Materialize an Affluent Society

Diversity, Equity, and Inclusion

Human Resource Management 061

Diversity, Equity, and Inclusion 083

Work-style and Operational Process Reforms 099

Occupational Health and Safety 101

Human Rights 113

Supply Chain Management 123

Corporate Citizenship 132

(Social Contribution Activities)

Customer Relationships 136

(Quality and Product Safety)

Diversity, Equity, and Inclusion

Human Resource Management

▼ Approach ▼ Policy ▼ Governance ▼ Strategy ▼ Risk Management ▼ Metrics and Targets ▼ Initiatives

Approach

The IHI Group has established the IHI Group Human Resource Management Policy to enable Group employees to make full use of their abilities based on a set of values they all share.

In fiscal 2024 the IHI Group revised the contents of this policy, redefining the relationship between the Management Philosophy, the medium-term management plan and the Group Human Talent Strategy and the various human talent management measures that are based on them. As part of this process, the IHI Group has outlined the future vision for its organization and human resources in the Group Human Talent Strategy, and has set “Ideal Behavior & Action and Ideal Human Resources” as shared values that all employees should embody and which the Group is aiming to disseminate throughout it, and is rolling out concrete, specific measures.

Policy

| IHI Group Human Resource Management Policy

To realize our management philosophies (“Contribute to the development of society through technology” and “Human resources are our single most valuable asset”) and the IHI Group’s medium-term management plan, we have established a “Group Human Talent Strategy” and are implementing various HR management measures.

We are committed to creating systems and environments, and promoting cultural reform, that allow all employees of IHI Group companies to maximize their abilities under a common set of values.

As part of our overall policy, we outline the future vision for our organization and human capital in our “Group Human Talent Strategy.” To achieve this, we have defined the “Ideal Behavior & Action and Ideal Human Resources” as shared values that all employees should embody, and we are working to promote their adoption across the organization.

Governance

In regard to human resources issues that must be addressed in order to achieve the goal of “business transformation to realize sustained high growth” outlined in the Group Management Policies 2023, the IHI Group reported on the direction of initiatives under the Group Human Talent Strategy 2023 at the Board of Directors meeting held on July 22, 2024.

In addition, periodic reports are submitted to the Human Resource Committee and the Management Committee, where management can discuss human resource management from a business perspective, and the Group also holds HRBP meetings where human resources managers exchange views on management measures developed by the Human Resources Division.

Human Resource Management Council Bodies

Names	Human Resource Committee	HRBP Council
Aims	Discussing human resource management from a business perspective	Communicating and exchanging views on human resource management measures developed by the head office’s Human Resources Division
Officers	Officer in charge of Group Human Resources	General Manager of Human Resources Division
Members	Representative Director, General Manager of Human Resources Division	General Manager of Human Resources Division, Human Resources Division Group Manager, IHI Academy Manager, and human resource manager of each business area
Frequency of meetings convened in FY2023	As needed	Monthly

Strategy

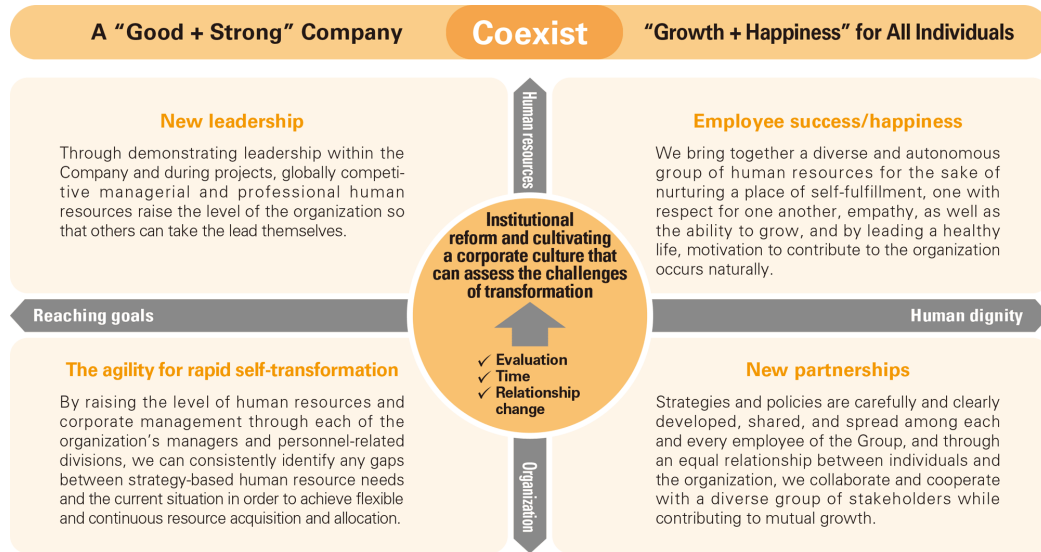
Group Human Talent Strategy 2023

In May 2023, the IHI Group announced the Group Human Talent Strategy 2023, based on the Group Management Policies 2023.

To accomplish this management policy, the Group Human Talent Strategy 2023 outlines the Group’s future vision to become a “Good + Strong” company as well as one realizing “Growth + Happiness” for all individuals. Moreover, the Group is reforming its evaluation system and building a corporate culture that can assess the challenges of creating change, drawing on four ideals of “new leadership,” “the agility for rapid self-transformation,” “employee success/happiness,” and “new partnerships” to embody the specific vision of the organization and human resources capable of realizing it.

In addition, the IHI Group is making use of a wide range of opportunities, including the initial training program for new employees and workshops held to facilitate understanding of and familiarization with the Group Management Policies’ key measures and with the actions necessary to utilize these measures, to spread awareness among all Group employees, including those outside Japan.

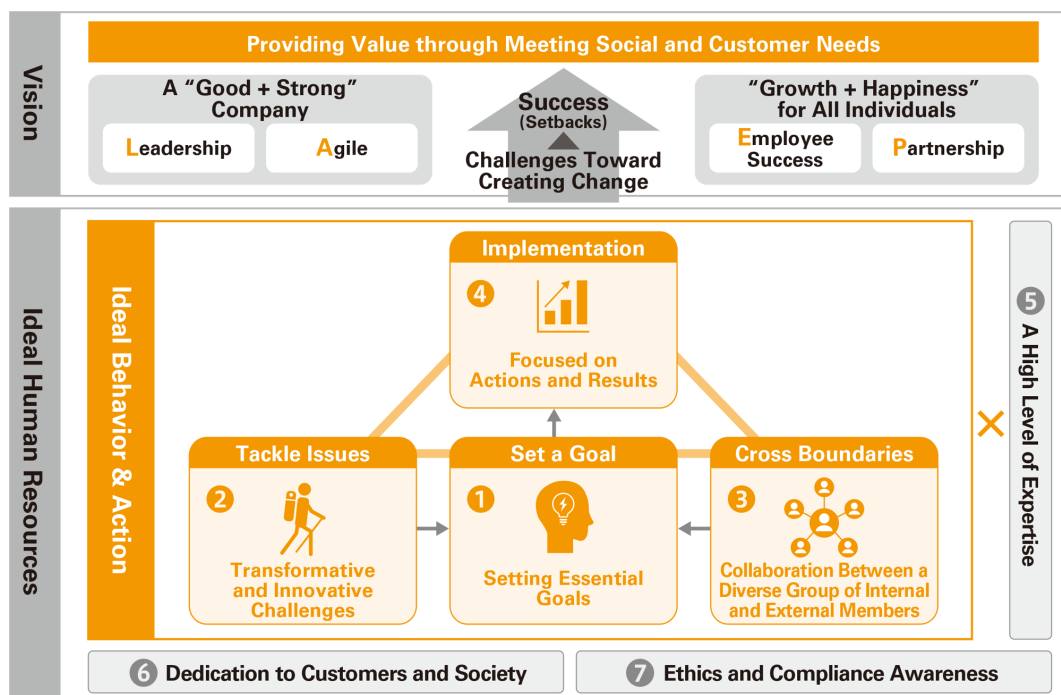
Group Human Talent Strategy 2023: Looking Toward the Future



Ideal Behavior & Action and Ideal Human Resources

In order to realize the vision set forth in the Group Management Policies 2023 and Group Human Talent Strategy 2023, the IHI Group defined its "Ideal Human Resources," comprising seven items that all Group employees are expected to embody. Of these seven items, four items represent the "Ideal Behavior & Action" necessary to foster an organizational culture that embraces the challenges of change: (1) Set a Goal, (2) Tackle Issues, (3) Cross Boundaries, and (4) Implementation. Besides "Ideal Behavior & Action," the Group has set three other crucial skills and mindsets that employees have always been expected to embody and which will continue to be vital in the future: (5) a High Level of Expertise, (6) Dedication to Customers and Society, and (7) Ethics and Compliance Awareness.

"Ideal Behavior & Action" and "Ideal Human Resources" have been positioned as items for employee performance evaluation. By linking the evaluation results with treatment, talent cultivation and day-to-day management, the Group is using them proactively to promote the realization of transformation through changes in the behavior of individual employees.



Risks

In order to maintain the IHI Group's business foundation and lead it to future growth, it is imperative for us to acquire, retain, develop, and appropriately allocate the human resources necessary for conducting the Group's business.

Should the Group finds itself unable to acquire external human resources or secure human resources capable of becoming key personnel (such as transformational talent), or to secure proper placement for them, then there is a possibility that this could adversely affect the Group's future growth, business results, and financial health.

Opportunities

If every IHI Group employee understands the vision that the IHI Group has of where it wants to be in the future, and of the ideal behavior and action that its employees should embody, as outlined in the Group's Management Philosophy, the medium-term management plan, and the Group Human Talent Strategy, then this will strengthen their awareness of the Group's mission and of the importance of the role that the Group's business plays in society. This in turn will bring about a transformation of employee behavior, thereby driving the realization of change that will enhance the value that the Group's businesses have for society, and enhance the Group's corporate value.

Risk Management

To assess the progress made and results achieved through its various human resources management strategies, the IHI Group monitors the following items.

1. Results regarding recruiting plan
2. Employee engagement survey score improvement
3. Number of transferees through the voluntary career challenge program
4. Attendance at selective training

Results Regarding Recruiting Plan

To determine quantitatively whether the recruitment of human talent is going to plan, the IHI Group performs quarterly monitoring of recruitment performance compared to the recruitment plan, targeting IHI Corporation and its main affiliates (20 companies with over 100 employees each).

In fiscal 2024 the Group recruited 384 recent graduates (compared to a target of 338) and 468 mid-career hires (compared to a target of 341). Going forward, besides proceeding with efforts to secure the human talent needed for its business activities, the Group will also be focusing on new measures aimed at talent retention and at maximizing new employees' potential as soon as possible.

Employee Engagement Survey Score Improvement

The IHI Group believes that the effectiveness of the various human resources management strategies will be reflected in employee engagement, and so the Group monitors the results obtained in the annual employee engagement survey, which targets employees both within and outside Japan. The employee engagement survey covers the following items: strategy and direction, leadership, quality and customer focus, respect for the individual, growth opportunities, compensation and benefits, performance management, delegation of authority, resources, education and training, collaboration systems, performance appraisal process, organizational structure, etc.

In fiscal 2024, employee engagement rose by 1 point to 55 points, making this the second consecutive year in which there had been a 1-point rise. Items for which there was a particularly noticeable increase included: “Employee Enablement,” “Development Opportunities,” and “Respect & Recognition.”

Furthermore, following the holding of presentations to provide insights regarding the analysis methods used and the formulation of response measures, there was a noticeable improvement in individual units’ approval rate with respect to the taking of post-survey action, reflecting the results obtained through these measures.

Number of Transferees through the Voluntary Career Challenge Program

One of the indicators used by the IHI Group to evaluate the dissemination of self-directed career development, which is encouraged by the Group Human Talent Strategy 2023, is the number of employees involved in transfer through the voluntary career challenge program (open job posting system within the Group). In fiscal 2024, a total of 56 employees were transferred to new posts using this system; since the system was first introduced, a cumulative total of 405 employees have taken on new career challenge opportunities.

Attendance at Selective Training

To clarify the status of talent cultivation through education and training, the IHI Group monitors the number of participants in selective training.

The Group began to mainly provide selective training in the form of e-learning in fiscal 2021. Whereas in fiscal 2020, before this change was made, the total number of training participants was 1,948, the total number of participants in fiscal 2021 was over 25,000.

Metrics and Targets

Engagement

Employee-awareness Surveys

(Scope: IHI and affiliated companies)

Item	FY2021	FY2022	FY2023	FY2024
Employee engagement index (out of 100)	54	53	54	55
Ratio of answered employee-awareness surveys	88%	84%	83%	85%

Employees Union Membership Rate

(Scope: IHI and affiliated companies in Japan)

Item	FY2021	FY2022	FY2023	FY2024
Employees union membership rate	59%	60%	62%	63%

Number of Labor Complaints Received

(Unit: Reports, Owner: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Number of labor complaints received	0	0	0	0

Number of Employees

Number of Group Employees

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

Item		FY2021	FY2022	FY2023	FY2024
Consolidated number of employees		28,801	28,486	28,237	27,990
Number of IHI employees		7,779	7,768	7,840	7,911
	Male	6,727	6,695	6,753	6,773
	Female	1,052	1,073	1,087	1,138
	Ratio of female employees	13.5%	13.8%	13.9%	14.4%

Number of Employees by Region

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

Item	FY2021	FY2022	FY2023	FY2024
Japan	21,390	21,266	21,187	21,316
Asia Pacific	4,053	3,902	3,912	3,723
Americas	1,291	1,406	1,443	1,284
Europe, Middle East, and Africa	2,067	1,912	1,695	1,667

Number of Employees by Business Area

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

Item	FY2021	FY2022	FY2023	FY2024
Resources, Energy & Environment	6,514	6,626	6,434	5,973
Social Infrastructure	2,443	2,344	2,396	2,379
Industrial Systems & General-Purpose Machinery	9,797	9,645	9,574	9,292
Aero Engine, Space & Defense	7,062	7,010	7,111	7,520
Others	1,945	1,802	1,624	1,601
Entire company (common)	1,040	1,059	1,098	1,225

Number of Employees by Age (Male/Female)

(Unit: People, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Under 30	1,401	1,452	1,137	1,085
Male	—	1,261	978	925
Female	—	191	159	160
30 to 39	2,327	2,341	2,405	2,424
Male	—	2,035	2,101	2,102
Female	—	306	304	322
40 to 49	2,086	2,090	2,014	2,000
Male	—	1,745	1,720	1,704
Female	—	345	294	296
50 to 59	1,687	1,664	1,912	1,997
Male	—	1,445	1,610	1,677
Female	—	219	302	320
60 and over	278	221	372	405
Male	—	209	344	365
Female	—	12	28	40

Number and Ratio of Employees from Abroad*

(Unit: People, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Number of employees from abroad	74	66	59	36
Ratio of employees from abroad	0.9%	0.8%	0.8%	0.5%

* As of April 1 each year. The scope of calculation was revised in FY2024.

Number and Ratio of Employees by Nationality*¹

(Unit: People, Scope: IHI)

Item		FY2021	FY2022	FY2023	FY2024
Japan	Number	—	—	—	7,875
	Ratio	—	—	—	99.50%
China	Number	—	—	—	11
	Ratio	—	—	—	0.14%
South Korea	Number	—	—	—	10
	Ratio	—	—	—	0.13%
France	Number	—	—	—	2
	Ratio	—	—	—	0.03%
Thailand	Number	—	—	—	2
	Ratio	—	—	—	0.03%
Other* ²	Number	—	—	—	11
	Ratio	—	—	—	0.14%

*¹ Ratios for each item are rounded off and therefore the total value does not add up to 100%.

*² One person each from the United Kingdom, India, Italy, Kenya, Cayman Islands, Mongolia, Malaysia, the Philippines, Russia, Sweden, and the United States.

Number of Employees by Employment Status

(Unit: People, Scope: IHI)

Item		FY2021	FY2022	FY2023	FY2024
Regular employment	Regular employees	7,400	7,358	7,416	7,479
	Male	6,397	6,339	6,381	6,392
	Female	1,003	1,019	1,035	1,087
	Ratio of female employees	13.6%	13.8%	14.0%	14.5%
	Seconded by other companies	270	283	286	283
	Male	222	232	238	237
	Female	48	51	48	46
	Ratio of female employees	17.8%	18.0%	16.8%	16.3%
Non-regular employment	Re-hires	109	127	138	149
	Male	108	124	134	144
	Female	1	3	4	5
	Ratio of female employees	0.9%	2.4%	2.9%	3.4%
	Advisors and contract employees	102	117	129	140
	Male	97	109	120	132
	Female	5	8	9	8
	Ratio of female employees	4.9%	6.8%	7.0%	5.7%
	Part-time employees	453	436	453	466
	Male	81	77	73	71
	Female	372	359	380	395
	Ratio of female employees	82.1%	82.3%	83.9%	84.8%
	Fixed-term employees	35	15	31	28
	Male	24	9	18	19
	Female	11	6	13	9
	Ratio of female employees	31.4%	40.0%	41.9%	32.1%

Number of Temporary Employees

(Unit: People, Scope: IHI)

Item	FY2021	FY2022	FY2023*	FY2024
Temporary employees	986	998	823	1,161

* With consideration toward handling gender information regarding temporary employees, the IHI Group decided to refrain from disclosing employee numbers by gender from FY2023.

Years of Service, and Employee Turnover

Average Years of Service

(Unit: Year, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
All employees	16.1	16.5	16.6	16.1
Male	16.2	16.6	16.7	16.2
Female	15.4	15.8	16.0	15.4

Turnover Rate

(Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Total turnover rate	3.1%	2.7%	2.8%	2.7%
Male	—	—	—	3.0%
Female	—	—	—	1.4%
Rate of resignation due to personal reasons	1.6%	1.5%	1.5%	1.5%
Rate of resignation due to personal reasons by age				
Under 30	3.9%	3.7%	3.0%	2.3%
30 to 39	2.5%	1.9%	0.6%	1.8%
40 to 49	0.5%	0.5%	1.0%	1.2%
50 to 59	2.4%	0.1%	0.2%	3.0%
60 and over	37.6%	26.4%	14.5%	16.6%
Turnover rate within 3 years of joining the Company	3.4%	5.5%	5.3%	4.6%

Employee Turnover

(Unit: People, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Turnover during 1 year	248	203	208	209
Male	232	175	182	194
Female	16	28	26	15
Ratio of female employees	6.5%	13.8%	12.5%	7.2%

Recruitment Results

New Graduate and Mid-career Recruitment Results

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

Item		FY2021	FY2022	FY2023*	FY2024
Total number of employees		194	196	685	852
Male		153	156	577	682
Female		41	40	108	170
Ratio of female employees		21.1%	20.4%	15.8%	20.0%
New graduate recruitment	Total	109	98	358	384
	Male	87	84	302	320
	Female	22	14	56	64
	Ratio of female employees	20.2%	14.3%	15.6%	16.7%
Mid-career recruitment	Total	85	98	327	468
	Male	66	72	275	362
	Female	19	26	52	106
	Ratio of female employees	22.4%	26.5%	15.9%	22.6%

* From FY2023, the scope of calculation has changed from IHI Corporation to IHI and affiliated companies in Japan.

New Employees by Age

(Unit: People, Scope: IHI)

Item		FY2021	FY2022	FY2023	FY2024
Age group	Under 30	140	116	152	189
	30 to 39	28	24	56	81
	40 to 49	8	12	30	36
	50 to 59	5	4	16	16
	60 and over	2	4	3	6

Share of Open Positions Filled Through Internal Recruitment (Managers only)

(Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Share of open positions filled through internal recruitment (Managers only)	—	—	—	97.3%

Average Recruitment Costs per Employee

(Unit: Yen, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Average recruitment costs per employee	—	711,528	1,040,766	1,103,790

Number of Career Challenge Program Transferees

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

Item	FY2021	FY2022	FY2023	FY2024
Number of transferees	67	112	89	56

Training Results

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

(Scope: IHI and affiliated companies in Japan)

Item		FY2021	FY2022	FY2023	FY2024
Stratified Training	Participants	672	795	871	920
	Training hours	24,028	25,960	29,616	19,726
Selective Training	Participants (total)	17,430	37,057	27,920	33,808
	Training hours	49,648	88,822	71,348	79,248
Mandatory Courses	Participants (total)	253,716	282,415	412,942	362,973
	Training hours	188,927	170,164	362,415	206,858
Senior Management Candidate Training	Participants	132	118	359	144
	Training hours	13,992	10,525	47,444	5,762
Professional Development Training	Participants	275	249	186	180
	Training hours	8,443	7,615	5,725	5,289
Division-specific/ Affiliated company- specific training	Participants	—	—	70,147	63,752
	Training hours	—	—	216,303	178,460
Training Hours per Employee		12.1	14.3	34.9	23.4

Training Expense per Employee

(Scope: IHI and affiliated companies in Japan)

Item	FY2021	FY2022	FY2023	FY2024
Training expense	—	23,512 JPY	40,380 JPY	40,432 JPY

Career Development

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

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

Item		FY2021	FY2022	FY2023	FY2024
Total		—	15,327	14,939	14,455
	Male	—	13,024	12,605	12,191
	Female	—	2,303	2,334	2,264

Employees Certified as Master Artisans

(Unit: People, Scope: IHI)

Item		FY2021	FY2022	FY2023	FY2024
Number of employees certified		41	41	37	38
	Soma	12	12	15	16
	Mizuho	13	10	8	8
	Tomioka	2	1	1	1
	Yokohama	4	9	5	5
	Aioi	3	3	3	3
	Kure	7	6	5	5

Initiatives

Recruitment

New Graduate Recruitment

The IHI Group is responding to the increasing diversity of students' attitudes toward careers, and the trend for students to start job-hunting at an earlier stage as they approach graduation, by increasing the number of specializations for which internships are available, and the number of interns taken on. Internships help students get a clearer picture of how what they have studied in college can contribute to the ongoing development of society if they join the IHI Group, thereby deepening their understanding of the Group's businesses, increasing their motivation to join the Group, and reducing the likelihood that they will leave their job soon after joining.

Mid-career Recruitment

In order to achieve the business and corporate structure transformation outlined in Group Human Talent Strategy 2023, the IHI Group takes steps to acquire human resources externally on an ongoing basis in business and technical fields where the Group finds its knowledge lacking, promoting their active participation and internalizing the knowledge they bring.

Mid-career hires are also playing an active role in the Aero Engine, Space & Defense Business Area, which is positioned as a developing business, and is actively utilizing their past experience, technical skills and specialist expertise, and their perspectives and values which bring something new to IHI.

Human Resource Development Program

The IHI Group has put in place the Career Development Support Program, the aim of which is to help every employee take on the challenges and learning required to realize their own career development, as well as a training system to support this.

The IHI Academy, which was launched in April 2023 and reports directly to the Chief Executive Officer (CEO), is cultivating managerial and DX talent and specialist talent capable of operating effectively on the global stage and of leading the transformation of the IHI Group.

In terms of training for specific roles, besides initial training for new employees, the Group also provides training that equips employees who have just started on the management career track, newly appointed managers and assistant foremen, with the knowledge and skills they need for their role.

Regarding the cultivation of global talent, besides helping employees to systematically accumulate experience in key tasks that they need to work at overseas production sites or on overseas projects, the Group also provides employees with classes on global communication skills and cross-cultural communication before they go on overseas assignments.

Furthermore, the Group also conducts training emphasizing diversity, equity, and inclusion (DE&I).

Providing Training and Skills Enhancement for Senior Managers and Specialist Human Resources That Are Applicable Globally

The IHI Academy is developing programs based around two core areas—managerial and DX skills, and high-level specialist skills—to drive the cultivation of managerial and specialist talent who are capable of operating effectively on the global stage and of leading the transformation of the IHI Group. What these training programs have in common is that by utilizing Action Learning* they encourage trainees to apply what they have learned to actual work, and hone the conceptual abilities needed to provide value for customers and for society as a whole on an ongoing basis, and the leadership skills needed to energize the organization.

In the two years since the IHI Academy was founded, its programs have trained a total of 372 employees (315 in the managerial and DX area, and 57 in the high-level specialist skills area).

The Group has also introduced a Growth program that employees can apply to enter, to serve as an introductory course for the managerial and DX area programs, and is working to source and retain a new generation of diverse, motivated human talent.

* Action Learning: A learning method that strengthens individual and organizational learning capabilities by taking real issues as topics and getting trainees to formulate strategies and solutions, implement them, and then reflect on them.

Next-Generation Management Leader Training

The IHI Group's expectations for the next generation of management leadership include both transformational leadership that is capable of discerning the structure of problems even in areas where it lacks direct personal experience, and then driving change with the overall best approach, and also the ability to implement concrete business management tasks based on an awareness of the management issues affecting the IHI Group. With this in mind, the Next-Generation Management Leader Training implemented in fiscal 2024 included not only a sustainability-aware management program that involved simulating presentations for investors, but also programs linked to the Group's current key strategies and management issues including quality management, DX, and AI.

Looking ahead, the Group will continue to provide training programs that take into account the skills that next-generation management leaders need to possess.

DX Human Resource Development Training

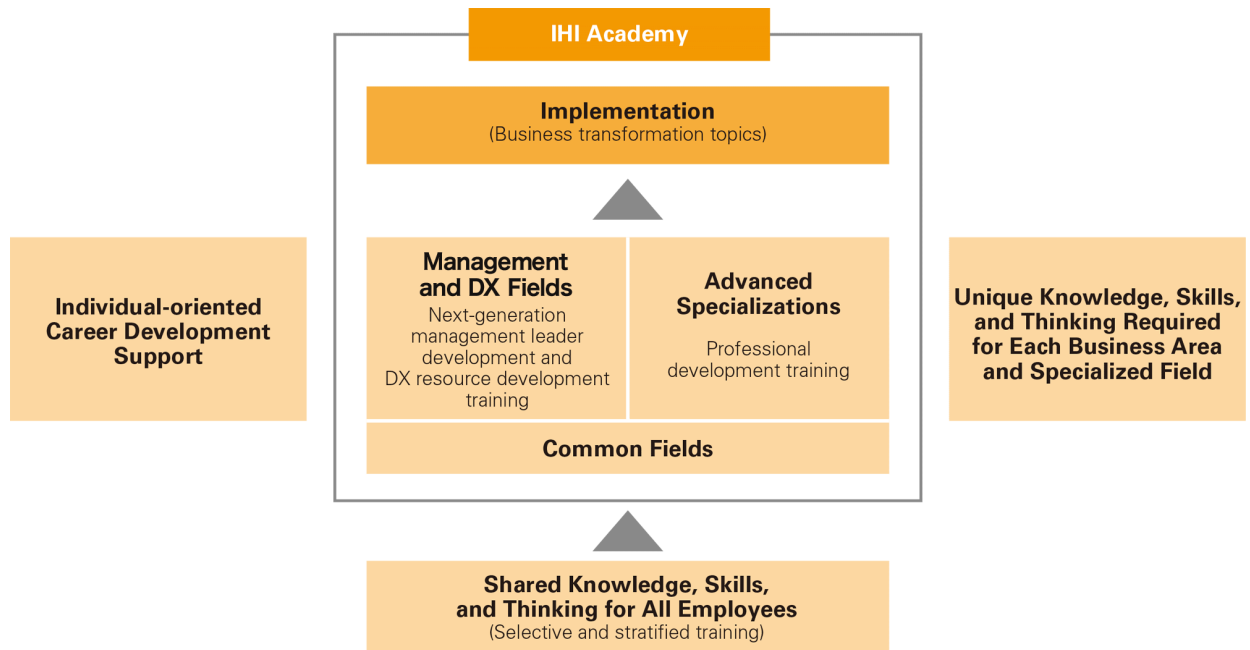
For the IHI Group to develop businesses that solve the problems which will be affecting society in the future, and which provide value for customers in a timely manner, it needs to make effective use of digital technology and generative AI.

The IHI Group follows the digital skills standards formulated by Japan's Information-Technology Promotion Agency (IPA) by defining the DX promotion role required from management leadership as that of business architect. To provide managers with the necessary knowledge and skills, the Group is implementing training programs that cover the DX mindset, and promoting understanding and effective utilization of generative AI, in line with current trends. These programs are designed and implemented in collaboration with the Intelligent Information Management Division (which oversees DX promotion throughout the IHI Group), with the aim of accelerating the cultivation of human talent able to address management issues in the digital era, and of further enhancing corporate value.

Professional Development Training

The IHI Group is working to cultivate human talent who possess high levels of specialist expertise in fields such as quality management, design, production, manufacturing, or intellectual property, and who are capable of being transformative leaders. Rather than merely teaching specialist knowledge, these training programs incorporate a lifecycle business perspective and a focus on making effective use of digital technology, with participants learning how to formulate a vision for the future and how to identify problems by analyzing the business environment, as well as how to formulate and implement strategies for solving problems.

Overall Image of Human Resource Development



IHI Group Education and Training Programs

IHI Group Education and Training Programs						Elective Training	Selective Training	Stratified Training												
	IHI Academy		Selective and Career-based Training			Stratified Training	Global Human Resource Development Training	Diversity, Equity, and Inclusion												
	Management/DX Field	Professional Field																		
Managers	Cross-Industry Exchanges, MBA Dispatch, Study Abroad Programs, etc.	Practical Implementation (Business Transformation Issues)	Professional Development Training	Technical Skills (Specialist Courses)	Mental Fitness and Liberal Arts	Communication Skills	Business Skills	Career Management Training	Career Design Seminar (By Stage of Career)	New Manager Training	Foreman Training	Assistant Foreman Training	Supporter Training	New Employee Training	Global Communication Skills and Cultural Competency	Training for Overseas Assignments	External Training and Cross-Industry Exchanges	DE&I Training (Human Rights Awareness, DE&I Understanding, Harassment Prevention, Work-Life Balance Support)		
		DX Human Resource Development Training																	Next-Generation Management Leader Training	Shared Areas
Workplace Leaders																				
Senior Employees																				
Junior Employees																				
Approx. 450 Courses Designated and Recommended by Corporate Divisions																				

Selective Training

Based on the Group Human Talent Strategy 2023, the IHI Group provides support to help employees independently shape their careers and acquire skills. The Group has been building and expanding Selective Training programs since fiscal 2021 as a framework for employees to choose and learn various subjects anytime, anywhere according to their career plan.

In fiscal 2024, besides the approximately 450 courses that it was already providing, the Group further expanded its course content by starting to provide additional courses on Microsoft Office applications. It also strengthened the functions of the IHI Group learning platform, with the introduction of new course navigation that uses a query-answering system to help employees find courses suited to their needs, and of a suggested courses page that presents a list of courses recommended for each position or grade. The Group is also improving the learning environment to make it easier for employees to learn, for example by sending out periodic promotional e-mails to encourage employees to take courses.

Selective Training		
Technical skills (approx. 250 courses)	Business skills (approx. 160 courses)	Communication skills (approx. 5 courses)
Physics/Chemistry Materials/Structures Heat/Fluids/Combustion Turbo Systems/ Mechanical Elements/Vibrations Production Processes Control/Sensing Project Management Intellectual Property Sales Procurement	Management Policy Sustainability/ESG Quality/Compliance DX Design Thinking Business Models Marketing Problem Solving/PDCA Finance/Accounting Engineering and Manufacturing Company Basics Management	Business Communication Team Building Coaching Mental fitness (approx. 40 courses) Philosophy Leadership Motivation Diversity

Career Development Support System

Career Development Support Program

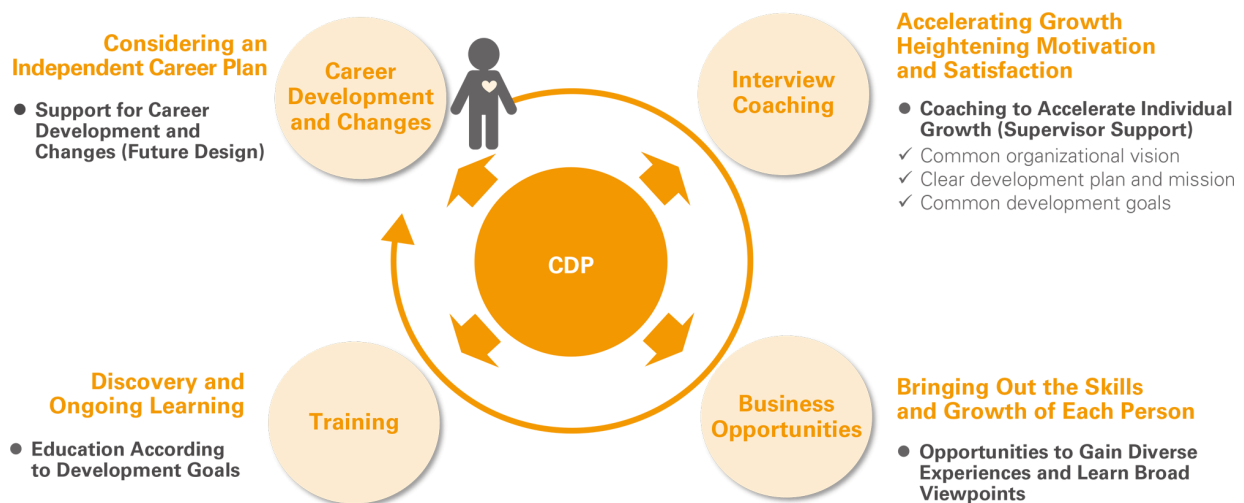
In order to promote self-directed career design among employees and further both their career development and their personal growth, the IHI Group provides the Career Development Support Program as an initiative to support career design and create workplaces where everyone can participate actively. Based on this program, the Group holds Career Design Seminars tailored to each career stage, with the aim of enabling employees to independently formulate and carry out plans for developing their skills and abilities to better advance their careers in the future.

In addition, as part of the support for career plan creation, the Group manages a support desk where employees can consider their own career plan in one-to-one sessions with an in-house career advisor; to date, a total of around 250 employees have used the support desk.

Career Development Program

The IHI Group implements the Career Development Program (CDP) as its basic framework for career development and capability building. In fiscal 2019, the IHI Group introduced the Group-wide individually-tailored CDP as a tool for encouraging self-directed career development. Taking the individual employee's career plan (future design) as a starting point, meetings are held with the employee's supervisor to discuss what challenges and training the employee needs to undertake in order to achieve their career plan, so that the employee can formulate and implement a concrete plan.

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



Career Challenge Program

The IHI Group has put in place the career challenge program (open job posting system within the Group), which aims to realize the dynamic, optimal allocation of human talent by providing opportunities for employees' self-directed career development and skill enhancement, and by promoting the two-way movement of human talent within the Group. Under this framework, job postings by individual departments are announced on an ongoing basis, with employees who meet the requirements and wish to apply undergoing evaluation by the department in question, after which the department and the applicant employee reach agreement regarding a transfer.

Between the introduction of this system and the end of fiscal 2024, a total of 405 employees have made use of the system to arrange transfers, and have taken on new career challenges.

Support for the Job Crafting and Career Shift Program

To provide support for strengthening the motivation of employees in their 40s and 50s, the IHI Group provides job crafting training for interested employees in this age group (regardless of which Group company they work for or what position they hold), which helps them to clarify the meaning of their work and the role that they play, while also incorporating new perspectives.

The IHI Group also has a Career Shift Program targeting managers currently employed at IHI. Employees who take advantage of this career development training before the age of 50 are able to choose from multiple career tracks. Among these career tracks, the Group has also prepared a Career Shift Support Program to assist those who are looking to move on from the company and carve out a second career. Those who make use of the system receive a career shift retirement allowance based on their age.

Transfer

The IHI Group rotates staff between departments, and dispatches employees to external training programs as well as to assignments at partner companies, government agencies, and startups. 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 the Group provides access to a variety of experiences and differing viewpoints that provide opportunities to Cross Boundaries, Tackle Issues, and Implementation.

To help facilitate the career development plans formulated by each employee, the Group is also implementing its career challenge program (open job posting system within the Group) on an ongoing basis.

In addition, the IHI Academy attaches great importance to realizing growth through practical experience, and allocates and assigns motivated human talent to challenging missions and important positions. By honing the leadership skills and other capabilities that they need for the career path they are aiming for, these transformational leaders challenge themselves with new missions on a daily basis.

External 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. In external training, participants deepen their professional skills and learn about the latest industry trends and better practices from other companies.

These external activities allow employees to interact with people from a variety of diverse backgrounds, expanding their possibility of incorporating different perspectives and ideas into the Group.

Not only does participation in academic conferences deepen understanding of cutting-edge research and technology, but also provides an opportunity to expand networking with other experts.

Concurrent In-house Positions and Side Businesses Outside IHI

The IHI Group provides opportunities for employees to think individually and proactively, taking on new challenges to achieve individual self-actualization and growth in their careers. As part of these efforts, the Group encourages employees to have concurrent positions inside the company and side businesses (second jobs) outside of it, in order to gain broad experience and leverage diverse viewpoints and ideas in management.

Examples of these activities include involvement with universities and research institutes, government agencies, and startups as side businesses outside of the company, and concurrent in-house positions, such as STEAM education planning, working to reduce the gender gap, developing Green Diamond projects, etc.

As of fiscal 2024, employees have registered approximately 130 different side businesses, around 45 concurrent positions, involving a total of about 130 individuals.

Performance Evaluation

In the IHI Group, annual targets are met after supervisors meet with their subordinates at the beginning of the fiscal year. Supervisors then confirm the progress made toward realizing the targets through day-to-day communication with their subordinates, including one-to-one meetings that are normally held at least once a month. At the end of the fiscal year, performance evaluation is conducted based on each employee's performance over the course of the year, after which the supervisors provide feedback to encourage the employee to realize improvements in the following year.

The Group has also put in place a framework for evaluating performance at the team level, including a Group-wide award system for recognizing outstanding contributions to the Group's performance, valuable inventions or ideas, and being a model of employee behavior.

Empowering People Over 60

The IHI Group promotes the continued active participation of employees who have already reached retirement age in many different ways. The Group has adopted a program whereby each employee can decide for themselves 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.

In April 2025, the Group abolished the framework whereby the salaries of employees over the age of 60 were reduced. It has also put in place systems to encourage active participation by employees who have already reached retirement age, including the adoption of a system which enables employees aged 60 or over to choose whether they want to switch to working a 4-day week, which embodies respect for diverse workstyles and the desire to encourage active participation by people across a wider age range.

Other Support Systems

Relearning

The IHI Group is 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, the Group offers 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 its employees are experts in each of these fields. The Group 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) hosts training activities and various types of meetings for Group employees from around the world. This facility is a base that promotes active communication and learning and where IHI Group colleagues can come together to share the Group's corporate philosophy and values while they engage in active communication. The Center also offers a comprehensive range of recreational activities, with the aim of enhancing the well-being of employees and their family members.

Fair and Equal Treatment

In order to establish fair and appropriate treatment, the IHI Group is working to raise wages through sincere dialogues between labor and management.

Furthermore, under a principle of equal pay for equal work based on the Part-time/Fixed-term Employment Act, the Group appropriately handles personnel according to the range of their duties and responsibilities and has established a personnel system to avoid unreasonable disparities. Additionally, the Group has made it a principle to, at minimum, set wages in accordance with the minimum wage in each country.

Conversion of Fixed-term Employees into Regular Employees

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

Diversity, Equity, and Inclusion

▼ Approach ▼ Policies ▼ Governance ▼ Strategy ▼ Risk Management ▼ Metrics and Targets ▼ Initiatives

Approach

Based on the IHI Group ESG Management (announced in November 2021), Group Management Policies 2023, and Group Human Talent Strategy 2023, the IHI Group is working to promote diversity, equity, and inclusion (DE&I).

To solve social issues through business activities, it is necessary to incorporate perspectives from the Group's diverse human resources into its practices to grasp the needs and issues of the 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 Group, and they will become the driving source for promoting change.

The IHI Group is aiming to transform its organizational ethos to incorporate a DE&I approach into the corporate culture and leverage the power of diversity to create value, recognizing and respecting the differences between individual employees and focusing on building an environment and an organization in which each employee can maximize the full potential of their own personality.

Policies

[IHI Group Human Resource Management Policy >](#)

[IHI Group Human Rights Policy >](#)

Governance

[Human Rights—Governance >](#)

Strategy

| Risks

If DE&I is not ingrained into the IHI Group's corporate culture, this may result in a lack of diversity within the organization, making it difficult to coordinate and collaborate with various stakeholders and inhibiting the creation of new ideas and innovation. Moreover, when management and workplace environments are based on homogeneity, it becomes difficult for each employee to perform to the best of his or her abilities, which may lead to a decline in their engagement. In addition, a lack of diversity in management decision-making could have a negative impact on the performance and financial health of the IHI Group.

Opportunities

The IHI Group believes that instilling DE&I in the organization is vital for enhancing corporate value creation. Incorporating the perspectives of diverse human talent into the business will enable the Group to realize flexible decision-making that is not hidebound by conventional wisdom. Furthermore, it can be anticipated that, in an organization in which DE&I is deeply ingrained, and in which each employee therefore feels that they are respected and fairly evaluated, employee motivation will be enhanced, thereby strengthening operational performance. In addition, DE&I can invigorate both internal and external communication, thereby enhancing the perceived social value of the enterprise (for example, by ensuring that corporate activities proceed more smoothly), which will help to raise corporate value.

Risk Management

The IHI Group is monitoring the following items to assess the extent to which understanding of DE&I has penetrated into the organization and among employees, and to assess the current state of diversity implementation.

1. DE&I-related training status and survey response results
2. Employee engagement survey results
3. Female manager ratio
4. Diversity Index

DE&I-Related Training Status and Survey Response Results

The IHI Group provides a variety of training and awareness-raising opportunities for employees to strengthen their understanding of DE&I and to learn how to put it into practice. Through these initiatives, the Group monitors training implementation status and related survey response results in order to determine the extent to which understanding of DE&I has been instilled. From the results obtained in monitoring in fiscal 2024, it was determined that understanding of DE&I was gradually taking root, but that actual results and meaningful change were not readily apparent, so the Group is rolling out more concrete measures to realize practical implementation.

Employee Engagement Survey Results

The IHI Group believes that the extent to which employees understand and are aware of the need to respect and promote diversity can be seen in employee engagement survey results, and so the Group monitors the results of an employee engagement survey which is administered to employees (both within and outside Japan) annually. The results of this monitoring to date show a correlation between the penetration of DE&I awareness and the responses to survey questions relating to “respect for the individual,” so this is being used effectively as an indicator.

Female Manager Ratio

One of the indicators that the IHI Group uses to gauge the progress made in measures to promote the advancement of female employees is the monitoring of the percentage of managers who are female. As of April 2024, for IHI Corporation this percentage was 5.8% (with a total of 153 female managers), representing a steady increase. Also, for the Group’s affiliated companies in Japan, they are disclosing their female manager ratios, as required by law. Going forward, the Group will continue to monitor the female manager ratio and implement measures aimed at raising it.

Diversity Index

To get an objective picture of how thoroughly DE&I has been instilled, the IHI Group is monitoring basic knowledge and awareness of DE&I, and DE&I-related action, through the implementation of the Diversity Index training program, which targets senior executives and managers at IHI Corporation and at affiliated companies in Japan.

The Diversity Index assesses participants' knowledge of the enterprise's organizational systems as they relate to diversity, and also measures their own basic knowledge of, and actions relating to, DE&I. The scores are used to analyze the level of penetration of DE&I in the company.

This program has been implemented for two consecutive years, starting in fiscal 2023. It is apparent that, while there has been an improvement in basic knowledge relating to diversity, there has not been a significant change in attitudes or behavior. With this in mind, in fiscal 2025, the Group will be focusing on initiatives that incorporate a DE&I perspective into individual employees' work and workplaces.



Metrics and Targets

DE&I Targets and Results

(Scope: IHI)

KPI	Target	Target Year	FY2021	FY2022	FY2023	FY2024
Female recruitment rate	University graduates: About 20%	2026	20.2%	14.3%	19.8%	19.8%
Ratio of female Managers	7%	2026	3.9%	4.7%	5.3%	5.8%
	15%	2030				
Ratio of female Officers	30% or more	2030	18%	18%	18%	29%
Ratio of employees with disabilities	2.7%	2026	2.39%	2.55%	2.62%	2.58%
Percentage of eligible male employees taking 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	70.8%	90.1%	124.9%	231.7%

Education and Training

DE&I Training Participants

(Unit: People)

Item		Targets	FY2021	FY2022	FY2023	FY2024
DE&I	Diversity Index	Management and key positions at IHI and Group companies within Japan	—	—	5,461	5,598
	DE&I Heated Classroom	Divisions that wish to participate	—	—	—	1,000
	Seminars relating to DE&I	IHI and Japanese Group company employees	—	—	600	364
	DE&I experiential activities	IHI and Japanese Group company employees	—	—	—	432
	E-learning seminar on unconscious bias	IHI and Japanese Group company employees	—	—	—	19,671
Female empowerment and work-life balance support	Career Transit Program	Female employee candidates for managerial positions in IHI and Group companies in Japan	—	—	—	173
	Coexistence Support Seminar	IHI and Japanese Group company employees	388	281	483	362
Active participation by diverse human resources	LGBTQ+ Ally conference	IHI and Japanese Group company employees	35	—	99	110
	Training and exchange of employees from abroad	IHI and Japanese Group company employees	—	—	12	16

Recruitment Results

New Graduate and Mid-career Recruitment Results

[Human Resource Management—Recruitment Results—New Graduate and Mid-career Recruitment Results >](#)

Board Diversity

Number of Officers*

(Unit: People, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Number of Officers	17	17	17	17
Male Officers	14	14	14	12
Female Officers (Of which, outside officers)	3	3	3	5
	(3)	(3)	(3)	(4)

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

Ratio of Female Officers*

(Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Ratio of female Officers	18%	18%	18%	29%

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

Management Diversity

Number of Managers (by position, gender)*

(Unit: People, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Number of Managers	2,763	2,643	2,707	2,622
Male Managers	2,656	2,519	2,563	2,469
General Managers	1,065	1,004	1,026	978
Section Managers	1,591	1,515	1,537	1,491
Female Managers	107	124	144	153
General Managers	31	38	39	42
Section Managers	76	86	105	111

* As of April 1 each year.

Ratio of Female Managers*

(Scope: IHI)

Item		FY2021	FY2022	FY2023	FY2024
Ratio of male Managers		96.1%	95.3%	94.7%	94.2%
	Ratio of General Managers	97.2%	96.4%	96.3%	95.9%
	Ratio of Section Managers	95.4%	94.6%	93.6%	93.1%
Ratio of female Managers		3.9%	4.7%	5.3%	5.8%
	Ratio of General Managers	2.8%	3.6%	3.7%	4.1%
	Ratio of Section Managers	4.6%	5.4%	6.4%	6.9%

* As of April 1 each year.

Ratio of Managers in Revenue-Generating Divisions (Business Divisions)

(Unit: People, Scope: IHI)

Item		FY2021	FY2022	FY2023	FY2024
Managers in business divisions	Total	—	—	—	2,009
	Male	—	—	—	1,928
	Female	—	—	—	81
	Female ratio	—	—	—	4.0%

Number of Managers Among Employees from Abroad*

(Unit: People, Scope: IHI)

Item		FY2021	FY2022	FY2023	FY2024
Number of Managers		14	16	22	18
	Of which, General Managers	3	3	7	3
	Of which, Section Managers	—	—	15	15

* As of April 1 each year.

Diversity in Technical Roles

Number of Employees in STEM-Related Roles (Technical Roles)

(Unit: People, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Number of Employees in STEM-Related Roles (Technical Roles)	—	—	—	1,007
Male	—	—	—	883
Female	—	—	—	124
Female ratio	—	—	—	12%

Wage Disparity

Male-Female Wage Disparity*

(Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Male-Female Wage Disparity	—	64.4%	65.9%	67.0%

* Male-Female wage disparity among employees = (Total amount of salary paid to all female employees in the current fiscal year / Total number of female employees in the current fiscal year) ÷ (Total amount of salary paid to all male employees in the current fiscal year / Total number of male employees in the current fiscal year)

Ratio of Employees

Ratio of Employees with Disabilities*

(Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Ratio of Employees	2.39%	2.55%	2.62%	2.58%

* As of June 1 each year.

Re-employment Rate of Employees at Retirement Age

(Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Re-employment rate of employees at retirement age	78%	100%	81%	78%

Work-Life Balance

Work Hours

(Unit: Hours per person, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Monthly average overtime	18.9	21.6	21.9	21.3
Annual work hours	1,948.3	1,984.5	1,972.7	1,966.5

Average Annual Paid Vacation Days Taken

(Unit: Days, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Average annual paid vacation days taken	17	19	20	20

Leave Acquisition Status

(Unit: People, Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Employees who have used the reduced work hour program	158	140	141	167
Employees who have taken childcare leave	935	1,010	995	1,212
Employees who have taken parental leave	128	198	185	233
Male	60	78	89	142
Female	68	120	96	91
Percentage of employees who return to work after parental leave	100%	99.6%	98.3%	100%
Employees who have taken nursing care leave	6	3	10	13

Ratio of Male Employees Who Took Paternity Leave or Paid Time Off for Childcare (1 Week or More)*

(Scope: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Ratio that took leave	70.8%	90.1%	124.9%	231.7%

* Male employees who took applicable leave or paid time off during the respective fiscal year divided by male employees who had a child born during the respective fiscal year.

Initiatives

Promoting DE&I

Fostering a New Organizational Culture

The IHI Group has set 2024 as the year to broadly launch DE&I efforts, and has been actively rolling out training programs and experiential content to spread awareness and understanding of DE&I among the Group's employees. More specifically, the Group has been arranging DE&I Heated Classroom activities, which visit individual units on request to provide training regarding the need for DE&I and to provide hints on integrating DE&I into the workplace, as well as DE&I training programs for senior executives and managers, and a new e-learning program for all employees that incorporates practical dialog tasks in the workplace. In addition, the company-wide meetings that bring together all of the IHI Group's global business locations have featured panel discussions, with the Chief Executive Officer (CEO) participating, to disseminate to employees the message of how important DE&I is to the IHI Group.

Empowering Female Employees

The IHI Group is recruiting and developing female hires in key roles to promote to middle and top management while also defining various goals to build a workplace environment where they can actively participate.

Specifically, the Group is implementing the Career Transit Program, an innovative training program which integrates initiatives in the workplace such as cultivation and coaching by supervisors with targeted career development for female employees who are candidates for managerial positions, opportunities for dialogue with other female employees in senior roles, and provision of support by internal and external mentors.

Regarding wage disparities between male and female employees, these are due partly to the fact that the share of regular female employees who hold managerial positions is lower than the corresponding figure for men, as well as the relatively small number of female employees in senior management positions, and the fact that male employees tend to work longer hours (including overtime). Taking these factors into account, going forward the Group will continue to promote the creation of a workplace environment where women can thrive.

Empowering Employees from Abroad

The IHI Group is working to create an employee-friendly workplace environment where diverse human talent can fully realize their potential regardless of nationality or cultural background.

As part of these efforts, within Japan the Group provides Japanese language training for new employees from abroad before they commence their employment. Furthermore, upon assuming their roles, cross-cultural awareness training sessions and social events, for the purpose of networking among employees, are implemented. Employees from abroad also encounter problems unique to foreign nationals, so the Group has put in place consultation services and is also proceeding with measures to build an environment in which employees from overseas can work with peace of mind, for example by taking religious and cultural needs into account (e.g., through the provision of prayer rooms).

Empowering Local Employees Overseas

The IHI Group is working to accelerate its global expansion through the proactive recruitment of human resources with roots in the local community, while taking into account the unique labor market and practices of each country.

Furthermore, in terms of human resource development and allocation, the head office works together with each unit to support the implementation of measures established at each overseas production site and business division according to current conditions and needs.

In the future, the IHI Group will continue to drive the building of the foundations needed for human talent to play an active role throughout the Group, worldwide.

Empowering Employees with Disabilities

The IHI Group promotes the empowerment of employees with disabilities. As part of its recruitment activities, the Group builds relationships with local employment support organizations for people with disabilities, schools for the deaf, and others, linking them to its recruitment activity efforts.

In 1992, IHI established an organization at its head office specializing in helping employees with disabilities to maximize their potential. From 2018, IHI has been providing support tailored uniquely to each employee through specialized support staff, with assistance programs in place, covering work and general aspects of company life, thereby supporting the career development of each employee by providing an environment conducive to further growth and success. To date, a similar organization has been established at each of the Group's sites in Yokohama, Akishima, and Soma to provide an opportunity for employees with disabilities to fulfill their potential.

In order to resolve problems faced by employees with disabilities while helping to implement better human resources measures and support Group companies, IHI has been a member of the Accessibility Consortium of Enterprises (ACE) since fiscal 2013, sharing its recruitment guidelines and employment case studies with other ACE member companies. These efforts to support the active participation of employees with disabilities and provide appropriate workplaces received recognition with the presenting to IHI of ACE Awards in the Individuals division and Environment-Building division in 2024.

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 regardless of sexual orientation or gender identity.

To take just one example, the IHI Group actively engages in LGBTQ+ ally^{*1} activities. The Group believes that expanding the ally mindset of not denying the SOGI^{*2} identity of anyone, not judging, and not talking about people's identity to others without their consent, help to realize a workplace environment where everyone can work comfortably. Striving to promote understanding among all of its employees in Japan, the Group has established an e-learning program and has made information available through the company intranet. As a result of these efforts, there are now over 3,000 people who have declared themselves allies.

In fiscal 2024 the Group sponsored Tokyo Rainbow Pride 2024 and had a corporate booth at the event for the first time; a total of 100 volunteers, including 10 senior managers and 90 employees and their family members or partners took part in the Pride Parade. In December 2024, the Group held an online ally conference, at which the director and lead actors of an LGBTQ+ awareness-raising film talked with the participating allies.

In addition, IHI has also set up various different personnel programs. With the exception of congratulatory and/or condolence money, special paid leave, and other welfare and work benefits that are excluded due to legal requirements, same-sex partners are treated no differently than spouses. IHI has also developed a system for managing labor based on the name that employees adopt for business purposes and self-identified gender. Moreover, IHI has a system in place for accepting consultations regarding SOGI harassment^{*3} at its harassment consultation desk, as well as a contact window where people can anonymously seek consultation regarding LGBTQ+ support.

^{*1} Ally: Allies refer to people who understand and support LGBTQ+. Anyone can be an ally, even if they do not identify as LGBTQ+.

^{*2} SOGI: Sexual orientation and gender identity

^{*3} SOGI harassment: Harassment related to sexual orientation or gender identity.

Work-Life Balance Support System

Childcare

The IHI Group has put in place various support systems to help employees balance their work and childcare responsibilities. To spread awareness of these systems and encourage employees to make full use of them, three handbooks have been compiled and distributed, for employees taking childcare leave, male employees, and managers, respectively. The Group also implements annual training for employees returning to work after taking childcare leave, to help employees returning to work, their supervisors, and other interested employees to think about how work and personal responsibilities can be balanced after returning to work, and about related career development issues. In addition, the Group has established contact windows (including access to external experts) to provide support tailored to employees' individual circumstances and needs, and it provides related employee welfare support, including subsidies for childcare equipment purchase and contracting with external service providers to help arrange babysitting services.

The Group also provides support for employees who wish to have children, by distributing leaflets to inform employees of the systems that they can use to access infertility treatment.

Support Systems Relating to Pregnancy, Childbirth, and Childcare

Name of System or Initiative	Main Features or Content	Paid/Unpaid	Scope of Application
Childbirth leave	If the applicant employee is the person giving birth, the leave can be taken from 8 weeks prior to the birth (16 weeks in the case of twins, triplets, etc.) to 8 weeks after the birth. If it is the applicant employee's spouse who will be giving birth, then the applicant employee can take up to 10 days' leave between the date of giving birth (or the date of going into hospital if the birth takes place in hospital) and the child's first birthday.	Applicant employee is giving birth: Unpaid Applicant employee's spouse is giving birth: Paid	Applicant employee is giving birth: IHI and 37 affiliated companies in Japan (Of these, 10 affiliated companies have a different number of days of leave) Applicant employee's spouse is giving birth: IHI and 36 affiliated companies in Japan (Of these, 7 affiliated companies have a different number of days of leave)
Childcare leave	Can be taken until the last day of the first April after the child's first birthday. This can be extended until the age of three for reasons such as being unable to secure a day-care center place for the child.	Unpaid	IHI and 37 affiliated companies in Japan (Of these, 7 affiliated companies have different ages to which leave availability can be extended)
Shortened working hours for childcare	Employees who take care of children can have their monthly working hours shortened by an amount equivalent to 3 hours × the number of days per month on which the employee is required to work, up until the time when the child finishes elementary school.	Unpaid for the shortened working hours	IHI and 36 affiliated companies in Japan (Of these, 10 affiliated companies have different policies regarding the amount of time by which working hours can be shortened and/or regarding the age until which this is available)

Childcare leave	Employees who take care of a child can take this leave to meet childcare or nursing care provision needs until the time when the child finishes elementary school (up to a maximum of 35 days per child, starting from the date of childbirth).	Paid	IHI and 31 affiliated companies in Japan (Of these, 8 affiliated companies have a different number of days of leave)
Child nursing care leave	Employees who take care of a child can take up to 10 days of leave per year to provide nursing care for their child, until the time when the child finishes the third year of elementary school.	Unpaid	IHI and 37 affiliated companies in Japan (Of these, 10 affiliated companies have a different number of days of leave)
In-house day-care center	Employees can make use of the in-house day-care center located at the Soma Office and Mizuho Aero-Engine Works.	—	IHI Group
Childcare advisor service	This service can be used for toll-free telephone consultations, and for in-person interviews or phone or e-mail consultations, with specialist advisors. Employees' spouses can also make use of the service.	—	IHI Group
Babysitting service	Employees can enjoy exemption from joining fees and annual membership fees, and reduced service charges, for the use of babysitting services provided by specified companies.	—	IHI and 43 affiliated companies in Japan that are eligible for use
Support system for infertility treatment	Employees who need to visit a hospital for infertility treatment can, on submission of an application supported by a doctor's diagnosis, have their monthly working hours shortened by an amount equivalent to 3 hours × the number of days per month on which the employee is required to work.	—	IHI

Care Provision

The IHI Group has put in place various support programs to help employees balance work and care provision. More specifically, the Group aims to make it possible for all employees to access information about care, by compiling handbooks that outline how to approach care provision and how to make effective use of the systems put in place to support balancing work and care responsibilities, which are distributed to new employees and other interested employees, as well as being made available on the Group's intranet.

In addition, besides organizing seminars by external lecturers, the Group has also set up a contact window for the provision of consultation services by a specialist external organization, to provide support tailored to the circumstances and needs of each individual employee.

Support Systems Relating to Caregiving for a Family Member(s)

Name of System or Initiative	Main Features or Content	Paid/Unpaid	Scope of Application
Caregiver leave	Can be taken to provide caregiving by employees with a family member(s) requiring caregiving. Does not have to be taken all at once.	Unpaid	IHI and 37 affiliated companies in Japan
Short-term Leave for Caregiver	Can be taken to provide caregiving by employees with a family member(s) requiring caregiving (up to a maximum of 15 days per year per family member requiring care)	Paid for the first 10 days, unpaid from the 11th day onward	IHI and 37 affiliated companies in Japan (Of these, 11 affiliated companies have a different number of days of leave, or a different number of days of paid leave)
Shortened working hours for caregiving	Employees who engage in caregiving for a family member(s) can have their monthly working hours shortened by an amount equivalent to 3 hours × the number of days per month on which the employee is required to work.	Unpaid for the shortened working hours	IHI
External consultation window to provide support for balancing work and caregiving for a family member(s)	This service can be used for toll-free telephone consultations, and for e-mail consultations, with specialist advisors. Employees' family member(s) can also make use of the service.	—	IHI Group

Medical Treatment

The IHI Group provides appropriate work-related measures and consideration for treatment requirements, for those employees with health issues who need to undergo repeated, ongoing treatment. By putting in place a flextime system, provision for reduced working hours so as to be able to make regular visits to hospital, and a contact window to facilitate balancing the needs of work and treatment, the Group provides support to help employees stay healthy.

Support Systems Relating to Medical Treatment

Name of System or Initiative	Main Features or Content	Paid/Unpaid	Scope of Application
Special work system to support employees returning to work after illness or injury	This system provides support for a smooth return to work, by enabling employees who have been off work because of illness or injury to make their return to work in stages, initially with shortened working hours, to ensure that the employee is able to make a full recovery while adjusting their workload.	Unpaid for the shortened working hours	IHI and 3 affiliated companies in Japan

Systems for Realizing Work-Life Balance

The IHI Group has put in place a variety of systems to help employees realize an appropriate work-life balance.

Systems for Realizing Work-Life Balance

Name of System or Initiative	Main Features or Content	Paid/Unpaid	Scope of Application
Remote working system	This system enables employees to work from home or from an equivalent location. It can be used, when approved by the company, where it is anticipated that it will lead to enhanced working efficiency (as a general rule, remote working is not available for frontline staff working in factories, etc.).	—	IHI and 33 affiliated companies in Japan
Family support remote working	If an employee has a temporary need to provide childcare or caregiving for their family, but they also need to accompany their partner on assignment to another location, they can, if approved, work remotely for up to 3 years at their home or at their partner's family home.	—	IHI

Flextime system	This system enables employees to decide for themselves what time they begin and finish work each day. It is applicable to employees who are working shortened hours because of childcare or caregiving needs, employees with health concerns, and employees who could achieve greater working efficiency through flextime because of the nature of their job.	—	IHI
4-day workweek system for employees aged 60 or over	This system enables employees who have opted to retire at the age of 61 or over to have one extra non-working day per week after they reach the age of 60.	Unpaid for non-working days	IHI and 2 affiliated companies in Japan
Return to work system	This system enables employees with at least one year of service who leave the company of their own volition to register, at the time of leaving the company, a desire to return to work at a later date, in which case they will be permitted to rejoin the company, provided that certain conditions (re-employment criteria) are met.	—	IHI
Leave system for employees whose spouse has been transferred	This system enables employees who would find it difficult to continue working because they will be accompanying a spouse who has been transferred to take leave and then return to work at the end of this period of leave. The system is not available for employees with less than 3 years of service, or for employees who already returned to work on a previous occasion less than 3 years previously.	—	IHI
Encouraging employees to take multi-day holidays that include a weekend	With employees normally having 22 days of paid leave per year, this system aims to encourage employees to take more of their annual paid leave by making it possible to plan around 4–5 day holidays that include a weekend and/or public holiday(s) in combination with one or more days of paid leave.	Paid	IHI

Employee Benefits Programs

The IHI Group's employee benefits programs provide a variety of options that employees can choose from to suit their individual lifestyles.

Employee Benefits Programs

Name of System or Initiative	Main Features or Content	Scope of Application
Company dormitories and company housing	Company dormitories (for single employees or those on assignment without their partner) and company housing (for newly married employees or those on assignment) are available, allocated based on need.	IHI and 31 affiliated companies in Japan
Employee welfare package	This package enables employees to make use of a wide range of services at discounted prices, including hotel accommodation, childcare and caregiving support services, sports facilities, self-improvement courses, etc.	IHI and 8 affiliated companies in Japan
Company-owned recreation facility	Besides the recreation facilities that are directly operated by the IHI Group's health insurance association in Izu and Tateshina, employees can also make use of other recreational facilities that the Group has contracted with. These facilities can be used at discounted prices by employees insured through the health insurance association, their dependents, former employees, and their relatives within three degrees of consanguinity.	IHI Group
Asset-building support system	The aim of this system is to help employees build up their financial assets by allocating part of their salary to instalment savings.	IHI and 30 affiliated companies in Japan
Financing system	Employees can make use of this system to access loans for house purchase and to cover education costs.	IHI and 17 affiliated companies in Japan
Optional supplementary defined contribution benefit pension system	This is a defined contribution benefit pension system that employees can choose to enroll in as a supplement to the regular pension system, to help them save for retirement.	IHI
Employee stock ownership system*	This system enables employees to invest small amounts in the purchase of IHI stock over an extended period. The stock purchase price is deducted from the employee's salary and bonuses, with the company contributing an additional amount equivalent to 10% of the employee's contribution.	IHI

* As of March 2025, the percentage of employees participating in the employee stock ownership system is 54.41%.

Work-style and Operational Process Reforms

[▼ Approach](#)
[▼ Policy](#)
[▼ Governance](#)
[▼ Strategy](#)
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Approach

As outlined in the Management Philosophy and the Basic Code of Conduct, the IHI Group considers one of its most important corporate responsibilities to be the ability to ensure safe and comfortable working environment for all people who work in the Group. Additionally, in order to achieve the implementation of Active Participation from Diverse Human Resources under the IHI Group ESG Management as well as a “Good + Strong” company and individual “Growth + Happiness” under the Group Human Talent Strategy 2023, the 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.

Policy

[IHI Group Human Resource Management Policy >](#)

Governance

In order to realize the Group Human Talent Strategy 2023, the IHI Group has established a system allowing it to promote the comprehensive initiatives such as reforming its business practices through working style, human capital/resource management, implementing employee surveys, company-wide projects and so on.

[Human Resource Management—Governance >](#)

Strategy

Risks

If the IHI Group is unable to move quickly enough to realize the work style it strives for, or unable to keep up with technological advancements and changing employee needs, it may become difficult for the Group to secure talented human resources or lead to a decline in employee productivity. Furthermore, in situations that call for work-style reform, if the organization is judged as being inflexible, its brand image and social reputation may also suffer.

Opportunities

The IHI Group believes that management direction toward each individual’s desire to build a career for themselves and contribute to the organization provides a valuable opportunity for sustainable growth as a company.

Specifically, from fiscal 2023, the Group has been supporting each of its employee’s growth, encouraging changes in behavior and habits by holding workshops that raise awareness about shared individual and organizational goals, and by providing senior management training.

Risk Management

[Human Resource Management—Risk Management >](#)

Metrics and Targets

[Human Resource Management—Metrics and Targets >](#)

Initiatives

| 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.

In fiscal 2024, dialogue between senior management and employees were held at some IHI offices and affiliated companies on the topics of quality, safety, compliance, and DE&I. Feedback was provided to senior management of each division on the issues raised in the dialogue, and necessary actions were taken on issues, leading to improved employee engagement.

| 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.

The Group offers programs and systems for each employee 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

The IHI Group is focused on improving productivity as well as employee engagement through various activities so that each organization and individual can concentrate on high-value work.

Moreover, to enable continued improvement the Group is making efforts to utilize DX and inter-department collaboration throughout the Group.

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

Occupational Health and Safety

[Approach](#)
[Policies](#)
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Approach

As part of the Group Management Philosophy and the Basic Code of Conduct, the IHI Group believes ensuring a safe and comfortable environment for everyone is one of its most important corporate responsibilities. In particular the Group considers ensuring health and safety as one of the foundations of its business activities and one it has positioned as an extremely important human rights issue toward “respect for human rights” outlined in the IHI Group ESG Management. Every month, the Group shares the progress of Group-wide occupational health and safety as well as health management with all Officers.

In addition, its initiatives are undertaken according to the IHI Group 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.

Policies

IHI Group Health and Safety Policy

Based on the following policy approved by the Officer in charge of Health and Safety, the IHI Group is methodically promoting risk assessment, which is the most important issue in terms of safety and health, by determining risk priorities and allocating management resources to respond to risks under the leadership of senior management.

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 “Safety 5 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.

[Safety 5 Principles]

- Safety is the highest priority
 - Don’t do or ask others to do dangerous work
 - Eliminate things that could lead to an accident
 - Follow the rules
 - Take the initiative
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.

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.

- (1) Enforcement of working conditions according to the results of medical checkups.
- (2) Ensure the implementation of reactive mental health care measures.
(Improve the working environment through stress checks, workplace surveys, and a clear response to illnesses.)
- (3) Encourage employees to stop smoking and prevent second-hand smoking.

2. Improve individual and organizational health to invigorate the working environment.

- (1) Assist each person to actively manage their own health.
- (2) 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.

- (1) Expand activities to better health of employees and their families.
- (2) Increase employee participation in medical checkups and health guidance.

Governance

The IHI Group has established the IHI Group Health and Safety Committee as a Group-wide committee. The Committee meets once a year, and whenever a serious accident occurs. The Committee discusses and drafts important policies and promotes occupational health and safety activities.

The committee is chaired by an Officer in charge of Health and Safety, and is vice chaired by both the General Manager and Deputy General Manager of Monozukuri System Transformation Division, who provides opinions from a general manufacturing perspective, and the President of Social Infrastructure Business Area, who handles multiple construction sites. Additionally, presidents of other business areas participate as Committee members, bringing together views from a wide range of perspectives.

In regards to matters related to health and safety, the measures being implemented are reported to the Management Committee which is held monthly depending on the level of risk, and in the event of a serious disaster or other incident deemed to be important, a report is also made to the Board of Directors. This enables the Committee's chairperson, the Officer in charge of Health and Safety, to evaluate and manage health and safety risks.

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 Business Area, General Manager and Deputy General Manager of Monozukuri System Transformation Division
Members	President of Resources, Energy & Environment Business Area, President of Industrial Systems & General-Purpose Machinery Business Area, President of Aero Engine, Space & Defense Business Area, General Manager of Corporate Research and Development Division, Chief Occupational Health Physician, and other persons nominated by the chairperson
Secretariat	Human Resources Division
Number of meetings convened in FY2024	2

Strategy

Risks

The IHI Group takes every possible measure to manage health and safety at our offices and construction sites, but in the unlikely event that an unexpected accident or disaster occurs, production activity may be disrupted, possibly having an adverse affect on the Group's financial standing as a result. Although the Group has adopted measures such as taking its various types of liability insurance, in the event of a large-scale accident or disaster, it is possible the Group may be unable to recover all damages.

Opportunities

The IHI Group believes that ensuring occupational health and safety is not only essential to supporting sustainable business continuity and business transformation, but is also paramount to improving employee engagement and well-being*.

When employees can make full use of their abilities in a workplace where occupational health and safety are ensured, the IHI Group's competitiveness increases, which leads to enhanced corporate value.

* 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

Risk Management

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.

Health and Safety Management

The IHI Group has established health and safety policies, goals, and plans according to the standards set as part of its occupational health and safety management system. A monitoring system that complies with international guidelines such as ISO 45001 has also been established. Through annual health and safety management evaluations based on data such as the number of occupational accidents and injuries frequency rate, the IHI Group is supporting reforms to eradicate occupational accidents.

Additionally, the IHI Group rolled out the Safety General Principle 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.

Furthermore, in order to eliminate occupational accidents, the IHI Group regularly provides employees with health and safety education, and supports business partners at works and construction sites to improve health and safety management in a cooperative effort to ensure safe working environments.

Occupational Accident Risk Management

The IHI Group's works and construction sites conduct risk assessments to ensure risk reduction by prioritizing fundamental and physical measures. Specifically, all sources of danger in the workplace are identified and the risk level is evaluated based on the magnitude of the energy each source has. Based on the results of the assessment, priorities are set according to the level of risk, and effective safety measures that can be implemented by investing management resources are considered and implemented with the involvement of senior management. This enables the Group to gradually and methodically lower the risk of occupational accidents.

FY2025 IHI Group Health & Safety Management Priority Policy

Prevent accidents and disasters from occurring by strengthening risk assessments and risk responses.

- Identify and evaluate risks with a focus on the relationship between risk sources and work
- Involve senior management in risk response decisions
- Establish an implementation system and invest in other necessary management resources

Management Targets

1. Total injuries frequency rate
(Works divisions) Less than 0.6, (Construction divisions) Less than 1.2
2. Construction status of the risk assessment process
Risk assessment has been established in works as well as the construction and service sectors in Japan

IHI Group's Safety General Principle

1. Prevention of Fall from Height
2. Prevention of Fall from Medium and Minor Height
3. Prevention of Caught-In/Pinched-In Between Machines and Devices
4. Prevention of Caught-In/Pinched-In During Handling of Heavy Object
5. Prevention of Hand Tools-Related Accidents
6. Prevention of Grinder-Related Accidents

Due Diligence to Occupational Health and Safety during Construction and Other Projects

Concerning construction and other 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, the Group carries out safety measures, which include the IHI Group's Safety General Principle, with our business partners.

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 accident investigation procedures as well as standardizing the use of accident report formats, which allows for swift sharing of information about an accident in the Group.

Additionally, 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.

In fiscal 2024, 66 accidents occurred in Japan without lost time or other serious consequences. In light of the hazards that led to these accidents, the Group is working on countermeasures for direct causes and indirect causes, focusing on root cause analysis including any background factors, and is working to strengthen countermeasures against them.

Occupational Accident Breakdown

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

Item	FY2021	FY2022	FY2023	FY2024
Fall from height	2	2	1	0
Fall from medium and minor height	4	5	6	2
Caught-in/pinched-in between machines and devices	6	7	6	4
Caught-in/pinched-in during handling of heavy object	12	7	6	8
Hand tools-related accidents	1	6	6	6
Grinder-related accidents	1	2	2	2
Others	26	27	54	44
Total	52	56	81	66

Health Management

The IHI Group aims to achieve a “Good + Strong” company and individual “Growth + Happiness” as set out in Group Human Talent Strategy 2023, and believes that greater employee well-being helps improve individual productivity and invigorate the workplace, which is why the Group strives for health management from both a physical and mental perspective.

The Group’s mental health education takes approaches as defensive measures, such as detailed follow-up with individuals suffering from mental illness, programs to help employees return to work, and reintegration support programs, as well as approaches as offensive measures, such as resilience programs (programs to enhance peak performance, improve resilience and integration), etc. Through these educational programs, the IHI Group is working to build an enthusiastic workplace for everyone, from new employees to management level.

FY2025 IHI Group Health Care Priority Policy

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

1. Offense measures:

- (1) Improve individual vitality
- (2) Create a workplace where people can feel joy in working

2. Defense measures:

Establish a system that can promptly address physical and mental illness stemming from a change of environment

[KPI]

1. Employee engagement: 1 point improvement
2. Increase the percentage of employees ready to perform at their best (sleep, exercise, nutrition): 1% up

Promoting Workplace Improvement Activities

The IHI Group is working on activities that improve the well-being of its employees and the organization.

In fiscal 2025, in addition to the work it has already done, the Group is strengthening the involvement of organizational leaders and corporate divisions in workplaces that for multiple years have been identified through stress checks to have high stress levels and is taking measures to address these issues.

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.

Initiatives to Reduce Long Working Hours

The IHI Group has established policies regarding working time management and are making efforts to reduce long employee working hours.

In particular, when it comes to monthly working hour management, the Group has set the following two goals, monitored monthly conditions, and reported to Management Committee as needed. (1) Zero employees exceeding 60 hours of overtime in a month; (2) Zero employees exceeding 80 hours of overtime in a month.

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, the Group regulates the exposure of all IHI Group employees and partner company employees engaged in radiation work at nuclear power plants, nuclear fuel cycle plants, and other sites to evaluate radiation damage caused by exposure (exposure dose control).

Based on recommendations from the International Commission on Radiological Protection (ICRP), the Group has established an internal value standard (20 mSv/year) far stricter than the exposure limit for radiation workers set by the Japanese Ministry of Health, Labour and Welfare (50 mSv/year).

In fiscal 2024, 0 employees were exposed to this internal standard. Furthermore, IHI's industrial physicians provide health checkups along with health advice.

Metrics and Targets

Occupational Accidents

Occupational Accidents*

(Unit: Incidents (figure inside parentheses indicates fatal incidents), Scope: IHI and consolidated subsidiaries in Japan)

Item		FY2021	FY2022	FY2023	FY2024
Total		52(1)	56(0)	54(0)	66(1)
	Employees	31(1)	25(0)	26(0)	39(1)
	Temporary employees	3(0)	4(0)	2(0)	8(0)
	Partners (contractors)	18(0)	27(0)	26(0)	19(0)
Minor incidents (Scope: IHI and 31 affiliated companies)		—	—	—	—

* Fatalities caused by occupational accidents.

Total Injuries Frequency Rate*

(Scope: IHI and consolidated subsidiaries in Japan)

Item	FY2021	FY2022	FY2023	FY2024
Total injuries frequency rate	1.23	1.37	1.33	1.50

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

Lost Time Injuries Frequency Rate*¹

(Scope: IHI and consolidated subsidiaries in Japan)

Item	FY2021	FY2022	FY2023	FY2024
IHI Group average	0.38	0.39	0.34	0.42
National average in manufacturing industry* ²	1.31	1.25	1.29	1.30

*¹ Fatalities or injuries caused by occupational accidents per million working hours (excluding injuries with no time lost).*² Scope: Business sites with at least 100 people (sample survey based on the Survey on Industrial Accidents).

Occupational Health and Safety

Occupational Health and Safety Rate

(Scope: IHI and consolidated subsidiaries in Japan)

Item		FY2021	FY2022	FY2023	FY2024
Works divisions	Target value	Under 0.6	Under 0.6	Under 0.6	Under 0.6
	Results	0.95	0.89	0.95	1.21
Construction divisions	Target value	Under 1.2	Under 1.2	Under 1.2	Under 1.2
	Results	1.75	2.30	2.10	2.13

Severity Rate of Occupational Health and Safety

(Scope: IHI and domestic consolidated subsidiaries in Japan)

Item	FY2021	FY2022	FY2023	FY2024
IHI Group average	0.18	0.01	0.01	0.15

Number of Administrative Penalties Due to Labor Standards Act Violations

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

Item	FY2021	FY2022	FY2023	FY2024
Number of administrative penalties due to Labor Standards Act violations	0	0	0	0

Health Management

Medical Checkup Related Items

(Unit: %, Scope: IHI and consolidated subsidiaries in Japan)

Item	FY2021	FY2022	FY2023	FY2024
Participation rate of medical checkups	97	96	98	98
Rate of diagnoses made as a result of medical checkups	71	72	72	73
Participation rate of stress checks	95	97	96	97
High stress rate	9	9	10	7
Absenteeism (Ratio of employees who take three or more months of leave)	0.7	1.3	1.4	1.4
Presenteeism (Ratio of employees with restricted hours)	1.8	1.7	2.3	1.9
Smoking rate	28	25	25	25

Rate of Occupational Diseases*

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

Item	FY2021	FY2022	FY2023	FY2024
Rate of occupational diseases	0.118	0.098	0.098	0.098
Deaths due to occupational diseases or illnesses	0	0	0	0

* People suffering from occupational diseases per million working hours.

Initiatives

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 as follows.

The 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 Supervisor Safety Training (SVST) and Site Manager Safety Training (SMST) to learn about on-site health and safety. The Group also provides follow-up training thereafter to expand knowledge about health and safety

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

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

Health and Safety Training Participants

(Unit: People, Scope: IHI and consolidated subsidiaries in Japan)

Item	FY2021	FY2022	FY2023	FY2024
SVST	—	268	209	365
SMST- I	69	56	109	157
SMST- II	—	—	22	38
SST-1	—	131	136	93
SST-2	—	109	98	78
SST-3	—	31	42	65
SST and SMST Trainer Courses	14	27	15	31
Safety Management Appointment Training	—	26	71	48

Health Management

Management Resilience Program

The IHI Group has implemented a Resilience Program for its management beginning in fiscal 2021. The 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 management. To broaden the program's reach, starting from fiscal 2023, we have started providing derived programs run by the managers who have completed the course. By making changes within the management that leads the organization, the Group will continue making efforts to improve the health of the organization as a whole by striving for the happiness of its employees and improving the organization's corporate value.

Initiatives Related to Various Health Issues

When the IHI Group dispatches employees to overseas areas where there is risk of contracting infectious disease, the Group recommends that those employees receive vaccinations against measles, rubella and other diseases in accordance with the recommended standards set by the Ministry of Health, Labour and Welfare Quarantine Station (FORTH).

In addition to this the Group is working on a thorough system for preventing infection in the workplace, including administering in-house mass vaccinations for seasonal influenza. During annual medical checkups, chest X-rays are performed to detect early respiratory and circulatory diseases, including tuberculosis.

Human Rights

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Approach

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.

Participation in Third-party Initiatives for Human Rights

The IHI Group has endorsed the Ten Principles of the United Nations Global Compact. As part of this, the Group has been participating as a member of the Global Compact Network Japan since 2022. Employees participate in various GCNJ subcommittees and continue in various activities related to deepening their comprehension of environmental management, human rights due diligence, human rights training, and so on.

In fiscal 2022, the Group participated in the Business and Human Rights 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.

During fiscal 2023, with the aim of further expediting the implementation of human rights due diligence, Officer in charge of Group ESG participated in a Business and Human Rights Roundtable for Senior Management hosted by the UNDP, where they engaged in deeper discussions of human rights in Japan and around the world with executives from other companies that have demonstrated a strong commitment to human rights due diligence.

Policy

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

| Modern Slavery Act

The IHI Group discloses its efforts to prevent slave labor in IHI Group and its supply chain, pursuant to the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018.

[Fiscal year 2023 Statement on the UK Modern Slavery Act and Australian Modern Slavery Act](#) 

Governance

The IHI Group established the Human Rights and DE&I Committee as a Group-wide committee responsible for the “S” part of the ESG Management Promotion Committee.

With the goal of fostering a corporate culture that respects human rights and promotes human rights initiatives, the Group plans and deliberates on the details of important policies and activities related to the promotion of DE&I focusing on “respect for human rights” and the “active participation of diverse human resources.”

The Committee is chaired by the Officer in charge of Group Human Resources and comprised of members from corporate divisions and business areas.

Important matters such as activity policies, priority measures, and performance evaluations are discussed within the ESG Management Promotion Committee and then reported to the Board of Directors as deemed appropriate.

The Group established a Task Team* under the Human Rights and DE&I Committee as the body to promote human rights initiatives with regard to respect for human rights, in cooperation with related divisions and staff in charge of human rights at Group companies. Concerning the promotion of DE&I, the Group is working in tandem with related divisions and 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



Human Rights and DE&I Committee

Chairperson	Officer in charge of Group Human Resources
Members	President of each business area, General Manager of Procurement Strategy Planning Div., General Manager of Corporate Research and Development Div., General Manager of Monozukuri System Transformation Div., General Manager of Business Development Div., General Manager of Intelligent Information Management Div., General Manager of Strategic Technologies Div., General Manager of Corporate Marketing & Sales Div., 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.
Secretariat	Human Resources Division
Number of meetings convened in FY2024	3

Strategy

Risks

In order to maintain the IHI Group's business foundation and ensure future growth, the Group respects human rights throughout its business activities and strives to foster an organizational culture in which human resources with diverse personalities and values can thrive. However, if a human rights violation or disregard for human rights were to occur under the IHI Group's business activities, it could lead to a decline in public reputation along with customer business loss, as well as to possible compensation for damages. In addition, a lack of diversity in management decision-making could have a negative impact on the Group's business performance and financial condition.

Opportunities

The IHI Group believes that preventing and reducing any negative business activity impact on stakeholders and rights holders* throughout the value chain leads to realizing a richer lifestyle for everyone involved with the Group. The IHI Group also sees respecting human rights as an opportunity to increase business sustainability and improve corporate value.

* Rights holder: Someone who holds human rights. Refers to persons and groups whose human rights may be affected by corporate activity.

Risk Management

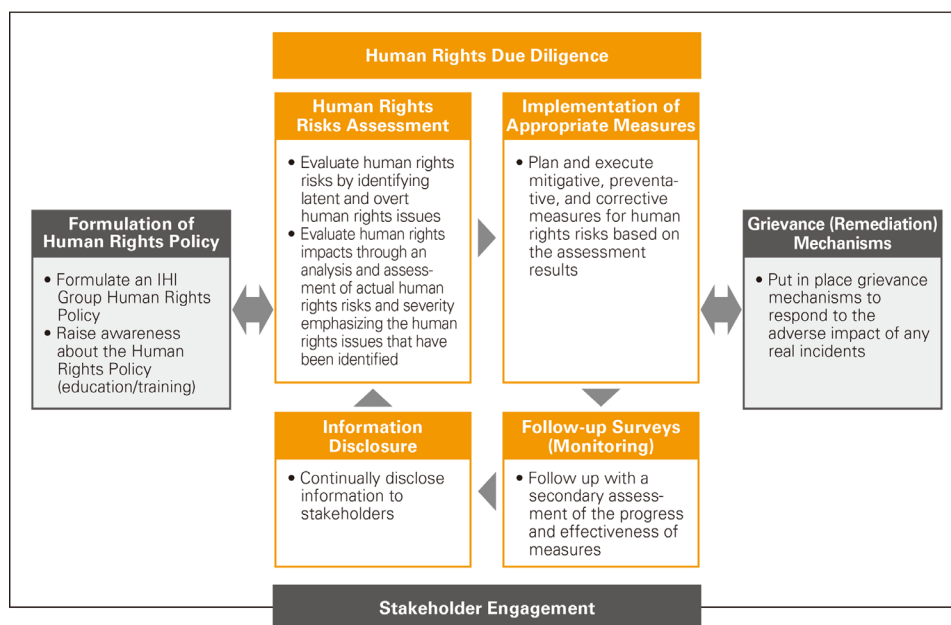
Human Rights Due Diligence

In order to fulfill the responsibility when it comes to respecting the human rights of those affected by its business activities, the Group promotes 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 the Group undertakes the process of human rights due diligence, it emphasizes continual stakeholder engagement during the entire process in order to understand the impact of its business activities on people's rights.

Overall Human Rights Due Diligence



Human Rights Risk Assessments

In fiscal 2021, the IHI Group underwent a human rights risk assessment to identify potential and obvious human rights issues among IHI Group companies within Japan and overseas, with advice from outside experts.

Based on analysis and the results of this evaluation, important human rights issues in the manufacturing industry, internal monitoring, and international social trends, the Group was able to identify key human rights issues.

Thus, the Group has chosen its employees and business partners as its highest priority rights holders.

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.
No tolerance for 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' rights to organize and engage in collective bargaining. Payment of wages and management of labor hours are conducted appropriately.

Progress of Human Rights Impact Assessments

The IHI Group implemented human rights impact assessments at Group sites worldwide over three years between fiscal 2022 and 2024 to understand the actual state of material human rights issues.

When conducting human rights risk assessments, the Group prioritizes overseas affiliated companies thought to be relatively high risk, targeting 59 companies in fiscal 2022, 37 in fiscal 2023, and 47 in fiscal 2024.

Survey results for fiscal 2022 through 2024 and the identified issues to be addressed are shown in the diagram below.

Additionally, in fiscal 2023 the IHI Group Co., Ltd. Human Rights Policy Implementation Guidelines were developed and written in three languages, Japanese, English, and Chinese. The guidelines were distributed throughout the IHI Group to raise awareness of important human rights issues within the Group among all Group companies.

Human Rights Impact Assessment FY2024 Survey Results, Issues Identified, and Countermeasure Status*¹

Item	Issues	Countermeasure Status
Total Trends	Grievance mechanism maintenance shortfalls	Establishment of our reporting desk was completed in April 2024 and began operation.
	Shortfalls in dialogue with stakeholders	In parallel with dialogue held at our corporate divisions, each company is made aware of the importance of labor management dialogue, etc.
	Delays in diversity, equity, and inclusion (DE&I) efforts to ensure equal opportunities and treatment for employees	We are implementing initiatives to help foster an organizational culture emphasizing diversity.
Red Flags* ²	Child labor • Internal regulations regarding minimum working age • Age verification using verifiable means	We have established internal regulations and rules that comply with the minimum working age in each country.
	Discrimination and harassment Providing equal employment opportunities and promotions and making a statement of no discrimination during recruitment	We are working to formulate policies that ensure equal employment opportunities and treatment.
	Guarantee of safe workplaces ensuring the health of working people • Clarification of the health and safety system and system roles • Communication regarding our Occupational Health and Safety Policy to all employees	We are establishing our occupational health and safety policy and communicating it to all employees.

*1 The status of responses to identified risks are listed in the "Fiscal year 2023 Statement on the UK Modern Slavery Act and Australian Modern Slavery Act."

*2 Red Flag: Five established core labor standards (prohibition of forced labor, prohibition of child labor, eliminating discrimination, recognition of freedom of association and the right to collective bargaining, and a safe and healthy workplace environment) set by the International Labor Organization (ILO) of particular importance in relation to IHI Group's material human rights issues

Operation of Grievance Mechanism

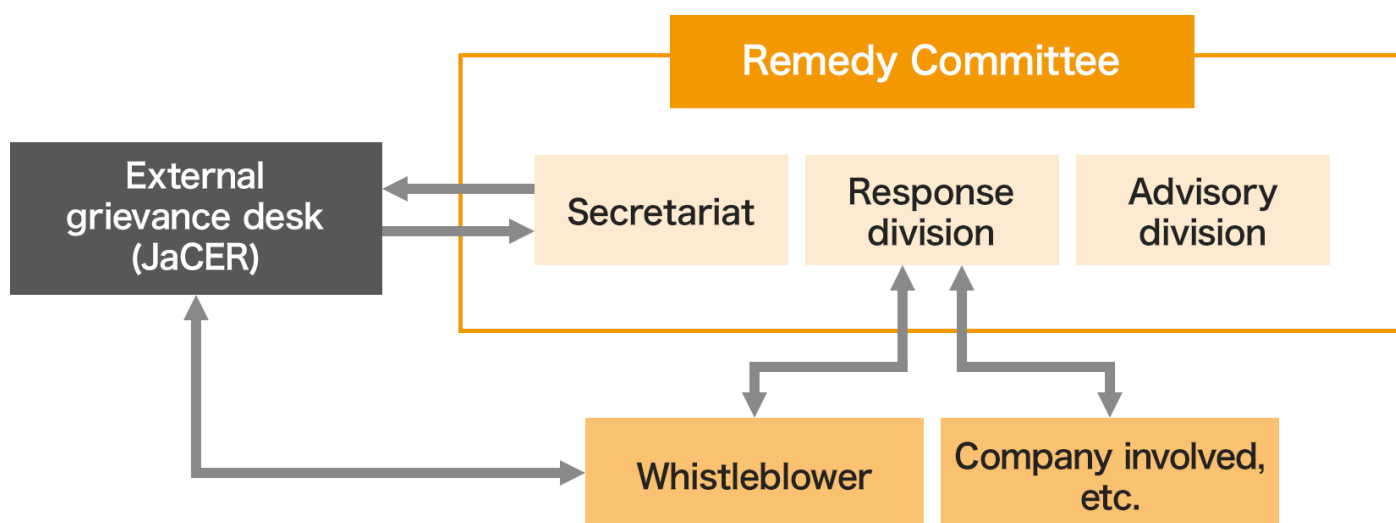
In April 2024, the IHI Group established a grievance mechanism on its corporate website for the Human Rights Grievance Desk that can be utilized by all stakeholders in the Group's value chain. Cases reported through this point of contact will be handled fairly and appropriately through the Engagement and Remedy Platform provided by the Japan Center for Engagement and Remedy on Business and Human Rights (JaCER), of which the IHI Group is a regular member.

Additionally, cards and posters are proactively used to inform partner companies within IHI Group offices and plants about the reporting desk.

IHI's secretariat (CSR Procurement Promotion Group, Procurement Strategy Planning Division) receives reports from JaCER and, for each case reported, forms a Remedy Committee made up of advisory divisions (Human Resources Division, Legal Division, etc.) and response divisions (business areas, business units, affiliated companies, etc.). Based on the findings of the investigation, the Remedy Committee organizes and executes remedial actions as well as preventative measures. As needed, the response divisions communicate with the whistleblower and the company involved throughout this period. The secretariat reports the progress of the case to JaCER as appropriate, and the progress is disclosed on the case list on the JaCER website.

[Human Rights Grievance Desk >](#)

Management System



Environmental and Human Rights Evaluations in New Business Investment

When participating in new business projects, the IHI Group conducts environmental and human rights impact evaluations, encompassing climate change countermeasures, waste, soil contamination, biodiversity, and so on using the ESG Checklist (Environment, Human Rights)*. For human rights violation risks, the Group conducts 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, the Group also verifies 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.

Survey on Foreign Technical Intern Trainees

In fiscal 2024, the IHI Group conducted surveys for affiliated companies that had a record of directly employing foreign technical intern trainees etc. and confirmed that two companies had received foreign technical intern trainees. The Group will maintain appropriate working conditions through continuing to conduct regular surveys.

Metrics and Targets

Human Rights Impact Assessments Implemented

(Unit: Assessments)

Item	Target	Year 1 (Second half of FY2021–FY2022)		Year 2 (FY2023)		Year 3 (FY2024)	
		Total Implemented	Targets	Total Implemented	Targets	Total Implemented	Targets
Human Rights Impact Assessments Implemented	Implemented at approximately 160 IHI Group Companies over 3 years ^{*1,*2}	59	Affiliated companies overseas	37	Affiliated companies overseas and business units	47	Affiliated companies in Japan (including some affiliated companies overseas)

^{*1} Figures compiled in FY2021, which exclude companies that have been liquidated or are no longer part of the Group

^{*2} At companies and branches where one-time implementation is desired, implementation is done all at once, and impact assessments were completed at all locations by the end of FY2024

Number of Human Rights Training Participants

(Unit: People)

Item	FY2024	
	Participants	Targets
e-learning: Seminar on Unconscious Bias	19,671	IHI and affiliated companies in Japan
e-learning: Harassment Prevention	22,131	IHI and affiliated companies in Japan
e-learning: IHI Group Human Rights Policy (basic)	510	New employees, mid-career hires, and others who wish to participate
e-learning: DE&I (Diversity, equity, and inclusion)	586	New employees, mid-career hires, and others who wish to participate
e-learning: Business and Human Rights	88	Those who wish to participate
Human Rights Personnel Training	20	Human rights task team members and staff in charge of human rights in each business area

Number of Reports Received through the Grievance Mechanism

(Unit: cases)

Item	FY2023	FY2024
Number of reports received	1	6
Other than a violation of human rights	0	2
Total of reports received	1	8

* The FY2023 reporting system was a trial conducted with several business partners before the grievance desk was opened in April 2024.

Initiatives

Education/Awareness Building

In order to foster a corporate culture with respect for human rights, the IHI Group strives to raise awareness at all levels so that initiatives based on the IHI Group Human Rights Policy can be implemented into practice.

Grade-based education

Every year the Group conducts e-learning training aimed at respecting human rights and harassment prevention for all of its employees. In the e-learning training on harassment prevention, it introduces cases that may fall under harassment and contact points for seeking consultation. Additionally, training for new managers includes e-learning on creating a harassment-free workplace.

Training for all employees

In fiscal 2024, the IHI Group held e-learning programs with topics such as Harassment Prevention and Unconscious Bias to have everyone who works at the Group learn how to frame human rights and DE&I and deepen their understanding.

Personnel training

In fiscal 2024, the IHI Group conducted training aimed at human rights task team members and human rights contact points in each business area. Through this training, participants gained basic knowledge about business and human rights and the global situation, and also engaged in activities to develop a general framework for human rights risk assessment targeting businesses in areas affected by conflicts and other issues.

Messages from the President issued on international days

Every year on Human Rights Day (December 10) and on International Women's Day (March 8) the President issues a message to promote the importance of respect for human rights and gender equality to IHI Group employees inside and outside Japan.

Initiatives Regarding Material Human Rights Issues

Prohibition of forced labor

The IHI Group prohibits forced labor of any kind. During recruitment, IHI always accept applications directly from the applicant, and when joining the company, it presents working conditions, including wages and so on, and obtains the applicant's consent before employment begins.

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 the IHI Group does not use this labor. IHI's employment regulations stipulate that those hired must be at least 15 years of age, and are required to submit a resume including information regarding age.

Equal opportunity for all

The IHI Group is promoting diversity, equity, and inclusion (DE&I) by respecting diversity and individuality and striving to ensure fair employment, fair labor practices, and equal opportunity.

No tolerance for discrimination and harassment

The IHI Group has conducted awareness-building and educational activities to prevent harassment and has taken steps to create conditions that facilitate employees consulting the company when there is a problem.

Based on the company's efforts to create an environment where harassment cases are easier to perceive, the IHI Group has stated to its employees that it will strictly deal with incidents of harassment.

Guarantee of safe workplaces ensuring the health of working people

The IHI Group believes in ensuring safety and health to be at the foundation of its business activities and one of its most important management concerns. The 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. The Group recognizes the freedom of employees to unionize and work together as a labor union and union members. The Group will never treat anyone involved in the union unfairly. The Group also engages in collective bargaining efforts in good faith, founded in mutual trust with the labor union.

IHI has an established labor agreement with the labor union based on this relationship of trust rooted in mutual understanding, and regularly holds meetings among the Health and Safety Committee, Management Councils, and Production Councils between Management and representative employees to improve workplace environment through a mutual candid exchange of opinion.

Supply Chain Management

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[▼ Policies](#)
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Approach

The IHI group's procurement activities are based upon the IHI Group Procurement Policy, which consists of three pillars: "Fair and Impartial Procurement," "Mutually Beneficial Partnership with our Business Partners," and "Approach to Compliance and Social Responsibility."

In fiscal 2022, the IHI Group formulated the IHI Group Code of Conduct for Business Partners, which sets out specific requests and expectations for its business partners. The IHI Group asks its business partners and their supply chains for considering human rights and labor, health and safety, environment, fair business and ethics, information security, and procurement responsibilities over mineral resources, on top of basic requirements such as compliance, quality, price, and delivery.

Each procurement department in the IHI Group conducts its procurement activities in accordance with the Basic Rules of Procurement for the IHI Group which reflects the procurement policy described in the IHI Group Procurement Policy, and takes its social responsibility by building sustainable supply chains.

Policies

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.

IHI Group Code of Conduct for Business Partners

1. Compliance with Laws and Regulations and Respect for International Norms

- 1.1. Compliance with Laws and Regulations and Respect for International Norms

2. Human Rights and Labor

- 2.1. Prohibition of Forced Labor
- 2.2. Prohibition of Child Labor
- 2.3. Prohibition of Inhumane Treatment
- 2.4. Prohibition of Discriminatory Practices
- 2.5. Appropriate Management of Working Hours
- 2.6. Appropriate Wages and Allowances
- 2.7. Freedom of Association and Right to Collective Bargaining

3. Health and Safety

- 3.1. Safe Workplaces
- 3.2. Emergency Preparedness
- 3.3. Occupational Injury and Illnesses
- 3.4. Industrial Hygiene
- 3.5. Consideration for Physically Demanding Work
- 3.6. Safety Measures for Plant Equipment
- 3.7. Health and Safety at Facilities
- 3.8. Health and Safety Communication
- 3.9. Worker Health Management

4. Environment

- 4.1. Climate Change Countermeasures
- 4.2. Proper Management of Water Resources
- 4.3. Proper Management of Chemical Substances
- 4.4. Proper Management of Waste
- 4.5. Biodiversity Conservation

5. Fair Business and Ethics

- 5.1. Prevention of Corruption and Prohibition of Improper Exchange of Benefits
- 5.2. Information Disclosure
- 5.3. Respecting Intellectual Property
- 5.4. Conducting of Fair Business
- 5.5. Whistleblower Protection

6. Quality, Safety, and Stable Supply of Products

- 6.1. Product Safety
- 6.2. Quality Control
- 6.3. Stable Supply
- 6.4. Liability over Product Accidents and Nonconformities

7. Information Security

- 7.1. Defense against Cyber Attacks
- 7.2. Protection of Personal Information
- 7.3. Protection of Confidential Information

8. Competitive Edge

- 8.1. Enhancement of Competitiveness

9. Proactive Approach for Social Issues

- 9.1. Contributing to Local Communities
- 9.2. Reasonable Effort for Global Social Issues

10. Establishment of Management System

- 10.1. Establishment of Management System
- 10.2. Communication with Your Supply Chain
- 10.3. Procurement Responsibility over Mineral Resources
- 10.4. Proper Import and Export Controls
- 10.5. Grievance Mechanism
- 10.6. Progress Report

Related materials

[IHI Group Procurement Policy \(Japanese\) \(1,373KB\)](#) **PDF**

[IHI Group Procurement Policy \(English\) \(1,022KB\)](#) **PDF**

[IHI Group Procurement Policy \(Chinese\) \(722KB\)](#) **PDF**

[IHI Group Procurement Policy \(Vietnamese\) \(997KB\)](#) **PDF**

Governance

The IHI Group takes a broad approach to risk management, including considering country risks and natural disaster risks in the supply chain. After the corporate division formulates measures and business areas implement them, the results are shared and discussed at the Risk Management Conference, chaired by the Chief Executive Officer (CEO).

Activity policies and measures related to human rights issues in the supply chain, as well as their results, are shared and deliberated at the Human Rights and DE&I Committee, chaired by the Officer in charge of Group Human Resources.

In fiscal 2024, all reports were submitted on a quarterly basis.

[Risk Management Conference >](#)

[Human Rights and DE&I Committee >](#)

Strategy

Risks

While the IHI Group manufactures key components within the Group, it also procures raw materials, parts, and services from suppliers outside the Group. Cost increase and/or delivery delay may be brought about by dramatic fluctuations in material and equipment prices, imbalance between supply and demand for special steel, sudden changes in the international situation, and supply chain disruption due to severe disasters or large-scale spread of infectious diseases.

Additionally, in the process of promoting CSR procurement, procurement costs may rise, consequently causing negative impact on the Group's business performance and financial condition.

Opportunities

The IHI Group's firm conviction is that risk mitigation efforts in the supply chain brings edge over strengthening production capabilities, establishing a business structure that is less susceptible to external factors, and ultimately stabilizing business performance and financial conditions, as well as increasing corporate value.

Risk Management

Strengthen Supply Chains

The IHI Group is globally promoting activities to strengthen its supply chain to prevent stagnation of corporate activities possibly caused by natural disasters, infectious diseases, conflicts, and emerged risks from the CSR procurement perspective, and so on.

The IHI Group strives for stable procurement by collecting market trends about raw materials and parts, thoroughly manages quality and delivery of its suppliers to avoid excessive concentration and dependence, and proceeds with multiple source selection. To build a supply chain that is less vulnerable to different risks, the IHI Group identifies important suppliers essential to business continuity and uses a variety of assessment tools to select business partners as targets for strengthening its supply chain.

These assessment tools include ESG risk assessments conducted by third-party organizations, management risk assessments of business partners, and interviews regarding information security and business continuity plans in the event of a disaster.

Selecting Important Business Partners

The IHI Group identifies suppliers that are important to its business from the following criteria and conducts focused risk management.

- Importance of ordered materials and processes
- Amount of annual orders
- Difficulty of substitution
- Lengthy delivery time, etc.

In fiscal 2024, 514 companies were identified as important business partners from among first-tier business partners. Of the approximately 9,000 first-tier business partners with which the IHI Group does business, the procurement amount of the 514 important first-tier business partners accounted for 24% of the total.

Number and Ratio of Important Business Partners

(Unit: Company, Scope: IHI and 26 affiliated companies in Japan)

Item	Number of Business Partners	Procurement Amount Ratio*
Number of first-tier business partners	Approx. 9,000	100%
Number of important first-tier business partners	514	24%

* FY2024 orders

Supplier Sustainability Evaluation

Utilization of Sustainability Assessment Service “EcoVadis”

The IHI Group entered into an agreement with EcoVadis, a third-party ESG assessment firm, in June 2024, to establish a system to evaluate supply chain risk properly and fairly.

The IHI Group establishes a risk management system where it encourages its business partners to undergo sustainability assessments conducted by EcoVadis: if there are no issues found, the Group manages them as excellent suppliers, and if there are concerns picked up, it makes special interviews for clarification and improvement purpose. EcoVadis system also enables it to promptly pick up publicly opened news such as compliance violations, and to respond to the relevant supplier(s) in little time.

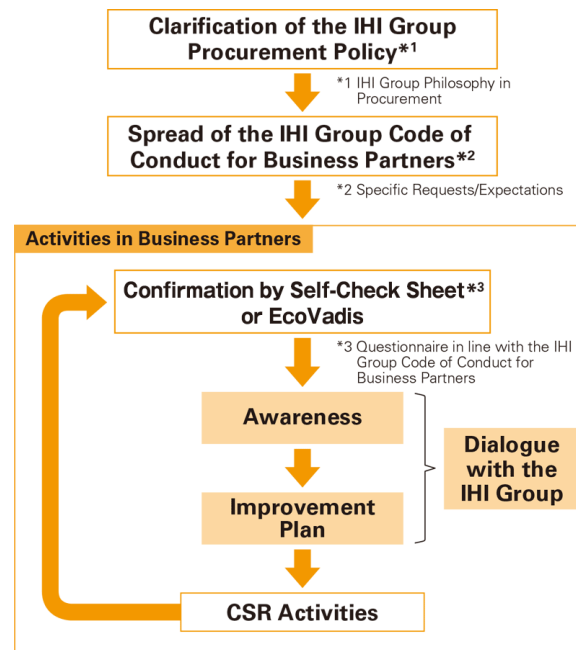
Additionally, 432 business partners have provided the IHI Group with the results of their EcoVadis assessments as part of the Group’s supply chain risk monitoring, and 80% of these partners received an overall score of 45 points or higher.

Supplier Management Using Self-Check Sheets

The IHI Group has developed the IHI Group Code of Conduct for Business Partners with reference to the Responsible Business Conduct Guidelines (established by JEITA) and the Responsible Business Alliance (RBA) Code of Conduct, and is distributing it to the Group’s business partners. In addition, some business partners were asked to complete a self-check sheet based on the Code of Conduct, in order to recognize issues and further engage in CSR activities.

To date, 372 self-check sheets have been collected as part of pre-interviews for on-site dialogues and pre-screenings of important business partners for some construction projects. Of which, 163 were collected from important business partners.

CSR Activity Promotion Process



Strengthening Engagement with Business Partners

Permeation of the IHI Group Code of Conduct for Business Partners

The IHI Group not only publishes the IHI Group Code of Conduct for Business Partners on its website, but also distributes it to existing business partners through notification letter and information session for its business partners. For newcomers, each IHI Group procurement department asks them to respect the IHI Group Code of Conduct for Business Partners on the contract. Additionally, to support the CSR activities of the Group's business partners, joint seminars on human rights, fair business, and ethics were held in Japan and other two locations in Asia. The table below displays the outcomes of the seminars that were held in fiscal 2024.

Number of Participants in the Joint Seminar

Topic	Host Country	Target	FY2024
Human rights	Japan	Important business partners in Japan	316 people*
	Vietnam	Important business partners in Vietnam	28 companies
	Malaysia	Important business partners in Malaysia	25 people
Fair business and ethics	Japan	Important business partners in Japan	144 people*

* Including IHI representatives and speakers

Dialogue using EcoVadis

Starting in fiscal 2024, the IHI Group began visiting business partners and holding dialogues to hear about issues based on the EcoVadis sustainability assessment. The purpose of these dialogues is to ask about the status of business partners' daily CSR procurement efforts and to have a constructive discussion about cooperation for further improvement.

In fiscal 2024, ten companies were chosen from among the Group's important first-tier business partners in Japan after screening utilizing risk assessments based on their business type and country, as well as their actual CSR initiatives. After using self-check sheets and other tools to perform advance interviews, visits to speak with them in person were held.

The discussion included an explanation of IHI Group's strategy, namely with relation to harassment prevention, internal reporting, and carbon neutrality, and opinions were exchanged regarding the initiatives being undertaken by the business partner.

Human Rights Risk Reduction Activities

Active Dialogue with Foreign Technical Intern Trainees

Starting in fiscal 2023, the IHI Group, in cooperation with the Global Alliance for Sustainable Supply Chains (ASSC), engages in proactive dialogue (in-person interviews) for risk mitigation purpose regarding non-Japanese technical intern trainees employed by partner companies located on the premises of IHI and its Group companies in Japan. The IHI Group gets a handle on the interviewees' grievance and/or complaints about work conditions and/or environment when they are small.

The IHI Group engaged in proactive dialogue (in-person interviews) with 54 foreign non-regular workers at eight different locations in Japan between November 2023 and October 2024.

Operation of Grievance Mechanisms

[Human Rights—Risk Management—Operation of Grievance Mechanisms >](#)

Responding to Anti-social Forces and Anticorruption

The IHI Group contractually requires its business partners to prohibit all relationships with anti-social forces, and commits 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 acts as said above are found, the IHI Group requests the relevant company(s) investigate and report it to the IHI Group.

Education/Awareness Building for Employees

The IHI Group enhances compliance consciousness by focusing on education on procurement-related laws and business regulations, as well as by inspecting and improving compliance within its operations.

In addition to traditional in-person training, the IHI Group procurement professional development training uses on-demand video distribution to enhance participant convenience and increase learning and relearning opportunities, which helps participants gain a deeper understanding of laws and regulations.

In addition to procurement-related divisions, e-learning training that includes CSR procurement content is provided to employees of IHI and its 36 affiliated companies in Japan, to educate and instill understanding of laws, regulations, and social demands. In fiscal 2024, 85% of eligible employees participated in the e-learning course.

In fiscal 2024, training aimed at improving price assessment capabilities was conducted in response to rising procurement costs, as well as supply chain management training for mid-level Group employees in order to build a sustainable supply chain. By improving the skills required for future procurement operations, the IHI Group is also working to improve employee engagement and satisfaction.

Procurement Responsibility over Mineral Resources including Conflict Minerals

The IHI Group endorses the aims of the Responsible Minerals Initiative (RMI), an international organization leading procurement responsibility regarding mineral resources. The IHI Group, for the time being, conducts activities regarding tin, tantalum, tungsten, and cobalt which have a considerable number of RMI-approved suppliers. The final target is to confirm that all purchases are manufactured through RMI-certified refiners and smelters.

The IHI Group specifies product groups such as jet engine parts that surely contain the targeted mineral resources, and continues to conduct surveys by sending questionnaires designated by RMI to manufacturers which produce the targeted parts. The IHI Group plans to expand the scope of the product group surveyed as needed. Respecting the “5-step Frame Work guidance” set out by the Organization for Economic Co-operation and Development (OECD), the Procurement Planning Strategy in the IHI Group takes a lead over activities by designated procurement departments.

In addition, the IHI Group notifies its business partners of the policy and recommendation about “Procurement Responsibility over Mineral Resources” in Section 10.3 in the IHI Group Code of Conduct for Business Partners.

Metrics and Targets

Participants in Procurement Training

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

Item	FY2021	FY2022	FY2023	FY2024
Lecture on Subcontract Act*1	143	379	431	379
Lecture on Construction Business Act*1	98	354	313	165
Lecture on Overseas Procurement*1	82	112	152	115
Professional Procurement Training*2	642	1,367	1,534	1,184

*1 These three lectures are part of “Professional Procurement Training” and each participant number adds up to the numbers of “Professional Procurement Training.”

*2 Lectures on security trade control has been added since FY2022.

Dialogue with Non-regular Foreign Workers

Item	Scope	FY2021	FY2022	FY2023	FY2024
Number of locations	IHI and affiliated companies in Japan	—	—	4	4
Number of people spoken with	Workers at the location (including workers from partner companies)	—	—	22	32

Number of Reports Received Through the Grievance Mechanism

[Respect for Human Rights—Metrics and Targets—Number of Reports Received Through the Grievance Mechanism >](#)

Initiative

| Mutually Beneficial Partnership with Our Business Partners

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

In response to the “Guidelines on Price Negotiation for Appropriate Pass-through of Labor Costs,” which were jointly developed by the Cabinet Secretariat and the Japan Fair Trade Council in November 2023, the IHI Group modified the Declaration for Building Partnerships incorporating price pass-through initiatives approved by its top management. The IHI Group, taking a careful look at circumstances its business partners are placed in, regularly reports to its top management about price pass-through status.

The IHI Group considers its suppliers as valued partners to proceed with business in collaboration, and hones its competitive edge aiming for mutual prosperity through open dialogue and cooperation.

Corporate Citizenship (Social Contribution Activities)

[Approach](#)
[Policy](#)
[Strategy](#)
[Metrics and Targets](#)
[Initiatives](#)

Approach

The IHI Group uses its technological capabilities and human resources to help create a rich and livable earth, and engages in social contribution activities that increase the Group's value.

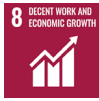
In line with the medium-term management plan Group Management Policies 2023, which started in fiscal 2023, the Group has established a Three-Year Policy for Social Contribution Activities (FY2023–FY2025). Additionally, the IHI Group is encouraging Group-wide initiatives in collaboration with different departments to empower employees to participate in social contribution activities. Efforts include publicizing these activities both internally and externally and providing educational training.

Policy

Three-Year Policy for Social Contribution Activities (FY2023–FY2025)

The IHI Group has established two priority areas for its social contribution activities: “coexistence with local communities” and “development of next-generation professionals,” in accordance with the Three-Year Policy for Social Contribution Activities (FY2023–FY2025).

Priority Areas of Social Contribution Activities

Priority Areas	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	Conducting activities that support STEAM education, etc., and supporting future research in science and technology fields will enrich the foundations of future industry and is essential for improving understanding of the products handled by the IHI Group, and expanding our business.	  

Strategy

Risks

If there is insufficient dialogue with local communities, the IHI Group's business activities may have a negative impact on the local natural environment and livelihoods. As a result, relationships with local communities may deteriorate, which may impede the continuation of existing businesses or the launch of new businesses. Additionally, if good relationships with local communities are impaired, the Group's public reputation may decline, potentially affecting its corporate value.

Opportunities

Establishing and maintaining good relationships with local communities is essential for smooth business expansion. In particular, collaboration between industry, academia, and government to address regional issues such as the development of next-generation professionals will enrich the future industrial base and improve the efficiency of internal and external networks. The IHI Group feels that this will also help with business continuity and growth.

Metrics and Targets

In fiscal 2024, the IHI Group invested a total of ¥483 million into activities concerning social contribution.

The Group was able to carry out a variety of unique activities at its offices, such as activities for the “coexistence with local communities” and “development of next-generation professionals,” which are priority areas of social contribution activities. Social contribution activity expenses decreased by ¥49 million compared to fiscal 2023.

Breakdown of Social Contribution Activity Expenses

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

Item		FY2021	FY2022	FY2023	FY2024
Breakdown by activity content	Coexistence with local communities	103	335	312	236
	Development of next-generation professionals	111	121	185	206
	Conservation of the global environment*	21	31	—	—
	Others	25	2	35	41
Breakdown by expenditure	Cash investment	120	251	244	288
	Time investment	87	94	184	140
	Goods donations and site costs	53	144	104	54
Reference	Membership fees for local organization	13	15	23	22
	Operating costs	110	106	97	93

* Since FY2023, our focus has been changed to two areas: “coexistence with local communities” and “development of next-generation professionals,” so figures for “conservation of the global environment” will no longer be aggregated from FY2023 onwards.

Activity Results

(Scope: IHI and consolidated subsidiaries)

Priority Area	Index		FY2021	FY2022	FY2023	FY2024
Coexistence with local communities	Business interests* ²	Visitors to events	645	1,535	18,803	18,949
	Social/ environmental interests* ²	Investments to local communities	103 million JPY	335 million JPY	312 million JPY	236 million JPY
Development of next-generation professionals	Business interests* ²	Number of participants in STEAM education	5,297	7,468	7,593	1,378
	Social/ environmental interests* ²					
Conservation of the global environment* ¹	Business interests* ²	Participants in hosted events	254	156	—	—
	Social/ environmental interests* ²	Environment protection area	12,652m ²	112m ²	—	—

*1 Since FY2023, our focus has been changed to two areas: “coexistence with local communities” and “development of next-generation professionals,” so figures for “conservation of the global environment” will no longer aggregated from FY2023 onwards.

*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.

Initiatives

Main Social Contribution Activities (FY2024)

(Scope: IHI and consolidated subsidiaries)

Priority Area	Event	Overview	Involvement	Host/Participating Company	Main Venue	Number of Events Held, Number of Sites, etc.	Visitors/Frequency/Scale, etc.	
Coexistence with local communities	Wheelchair basketball event	Holding a hands-on event to gain a better understanding of wheelchair basketball	Host	IHI Kansai Branch	Osaka City, Osaka Prefecture	1 time	About 60	IHI Group employees and their families
	Soma Nomaioi (a horse festival)	Sponsorship and employee participation in traditional festivals in the Soma region of Fukushima Prefecture	Sponsor/Cooperation	IHI Soma Office	Soma City, Fukushima Prefecture	1 time	163	IHI Group employees
	Aioi Peron Festival	Sponsoring and participating in a festival held at Aioi Bay, Aioi City, Hyogo Prefecture	Sponsor/Cooperation	IHI Aioi Office	Aioi City, Hyogo Prefecture	1 time	286	IHI Group employees
	Tomioka Rocket Festival	Holding events to deepen exchanges with employees, their families, and local residents	Host	IHI Aerospace	Tomioka City, Gunma Prefecture	1 time	About 3,800	Local residents, business partners, IHI Group employees and their families
	IHI piano concert	Piano concert sponsored by the Piano Teachers' National Association of Japan (PTNA)	Host	IHI Head Office	Koto Ward, Tokyo	1 time	234	Local residents, members of the Piano Teachers' National Association (PTNA), IHI Group employees and their families
	History walk	Sponsoring the history walk event of the Miyahara Residents Association of Kure City, Hiroshima Prefecture	Sponsor/Cooperation	IHI Kure Office	Kure City, Hiroshima Prefecture	1 time	31	Local residents
	IHI Soma Office Summer Festival	Holding events to deepen exchanges with employees, their families, and local residents	Host	IHI Soma Office	Soma City, Fukushima Prefecture	1 time	About 1,200	Local residents, IHI Group employees and their families
	Tour of Akishima and Mizuho Works	Work experience and workplace tour for elementary/junior high school students in Akishima City, Tokyo	Cooperation	IHI Akishima Office, IHI Mizuho Works	Akishima City, Tokyo; Mizuho Town, Nishitama County, Tokyo	24 times	922	Neighborhood elementary/junior high school students
	Tour of Tsurugashima Works	Plant tour for neighboring municipalities and junior high school students in Tsurugashima City, Saitama Prefecture	Cooperation	IHI Tsurugashima Works	Tsurugashima City, Saitama Prefecture	8 times	208	Neighborhood municipalities, junior high school students
	Cleanup activities near offices	Regular cleaning activities	Host	IHI Group	Group business location	51 locations	2,195	IHI Group employees
	Blood donation	Cooperating with blood donations hosted by the Japanese Red Cross Society	Cooperation	IHI Group	Group business location	About 20 locations	1,870	IHI Group employees
	Conservation activities for Japan's ancient Sugita Plum trees	Cooperating with activities to revive and popularize the Sugita Plum, an ancient native species of Japan.	Cooperation	IHI Yokohama Office	Yokohama City, Kanagawa Prefecture	—	—	10 samplings planted
	Tokyo Bay eelgrass bed restoration activities	Participation in eelgrass bed restoration activities sponsored by the Amamo Revival Collaboration in Kanazawa-Hakkei, Tokyo Bay Area together with neighboring companies located in Negishi Bay.	Cooperation	IHI Yokohama Office	Yokohama City, Kanagawa Prefecture	—	16	IHI Group employees
Development of next-generation professionals	Restoration of irrigation canal ecosystems in the Echi River basin	Cleaning and restoring of the ecosystems of irrigation canals connected to the Echi river basin, and participating in the Echi river eco-tour	Cooperation	IHI, IHI Construction Service	Higashiomi City, Shiga Prefecture	—	47	IHI Group employees
	School visits	Exploring the Secrets of Jet Engines	Host	IHI Soma Office, IHI Head Office	Soma City, Fukushima Prefecture; Koto Ward, Tokyo	4 schools	458	Neighborhood elementary/junior high school students
		Ammonia		IHI Head Office	Koto Ward, Tokyo; Itabashi Ward, Tokyo; Ono City, Fukui Prefecture; Maibara City, Shiga Prefecture	4 schools	281	Elementary school students from four schools who participated in the Cabinet Secretariat's EXPO School Caravan project
		Carbon dioxide capture technology		IHI Head Office	Kawasaki City, Kanagawa Prefecture; Koto Ward, Tokyo	2 schools	49	Neighborhood junior high school students
		Let's explore the secrets of bridges		IHI Infrastructure Systems	Sakai City, Osaka Prefecture	1 school	35	Neighborhood junior high school students
		How Forests and Soils Work		IHI Soma Office, IHI Kagoshima Office	Soma City, Fukushima Prefecture; Kagoshima City, Kagoshima Prefecture; Hioki City, Kagoshima Prefecture	5 schools, 1 facility	144	Neighborhood elementary school students
	IHI manufacturing class	Experience the joy of manufacturing through things such as launching water bottle rockets, water and light experiments, electronic crafts, and clay candle making.	Host	IHI Yokohama Office	Yokohama City, Kanagawa Prefecture	1 time	180	Local residents 38 IHI Group employee participants (staff)
	Toyosu Mirai Project	Developing young people who will support future science and technology through making hand spinners and bath bombs.	Co-host	IHI	Koto Ward, Tokyo	1 time	90	Local residents 20 IHI Group employee participants (staff)
	Kid's Summer Lab	By providing a space for interactive experiments and crafts, we seek to strengthen ties with the local community and boost children's enthusiasm for learning about science and technology while having fun.	Host	IHI	Koto Ward, Tokyo	1 time	303	Local residents
	Internship and workplace experience	Opportunity to deepen understanding of the IHI Group's business, manufacturing sites, research and development, etc.	Host	IHI Group	Group business locations	25 locations	262	Junior high school students, high school students, technical college students, and university students in nearby areas
	Others	Disaster recovery support	—	—	—	1	¥100,000	Supporting the Great East Japan Earthquake reconstruction project

Customer Relationships (Quality and Product Safety)

▼ Approach ▼ Policy ▼ Governance ▼ Strategy ▼ Risk Management ▼ Metrics and Targets ▼ Initiatives

Approach

As stated in the IHI Group Basic Code of Conduct, the IHI Group pays full attention to the safety of the products and services it develops and provides and constantly strives to raise quality level of its products and services by confirming whether they satisfy customers and users. 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 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.

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 meets at least twice a year and also may meet as needed depending on the status of quality assurance risks, such as deployment results or quality issues that occurred during the fiscal year. The Committee also deliberates on the quality policy for the next year at the final meeting of the fiscal year.

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 FY2024	5 (including special instances)

Strategy

Risks

The IHI Group has built a Quality Assurance Framework and has put in place a quality management system (QMS) 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 based on public standards such as ISO 9001 at its Offices and Works that provide products and services. 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.

Of the 72 locations of IHI and subsidiary companies in Japan and overseas, 57 locations have acquired the QMS certification for fiscal 2024. (Acquisition rate: 79%)

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 offers a broad range of products and services, therefore customer satisfaction surveys are tailored to the unique needs of each business. The content and methods of the survey also vary on the characteristics of the business. In order to further improve customer satisfaction, the results of these surveys, including website inquiries, are analyzed and the results shared with related divisions, leading to developing activities to further improve customer satisfaction.

Metrics and Targets

Number of Law Violations

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

Item	FY2021	FY2022	FY2023	FY2024
Laws/regulations relating to PR activities	0	0	0	0

Quality-Related Training Participants

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

Item	FY2021	FY2022	FY2023	FY2024
IHI Group Quality Declaration	288	262	384	852
Internal auditor programs	29	44	43	56
Basic quality management How to proceed with product safety risk assessment	81	50	12	19
Training seminars for manufacturing divisions focused on problem-solving and addressing issues in quality management	123	117	94	119
Professional Quality Training	6	6	6	5
Quality Assurance Training for Managers	182	40	0	421
Quality & Compliance Training for Managers*	2,487	436	318	1,959
Quality & Compliance Training Based on Case Studies Discussion Leaders Training	398	77	62	—

* Limited to the Quality Assurance Division until FY2023

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, to gain a deeper understanding of quality issues, the IHI Group provides quality compliance training that employs case studies to teach the mechanisms and underlying causes of quality-related compliance issues, as well as what should be done to prevent them. After the quality issues were discovered in fiscal 2024, special training was conducted for all employees of the affiliated companies in question. In addition, workshops were held for all employees with the aim of instilling and establishing a deeper awareness of quality issues.

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.

Corporate Management

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Corporate Governance

Corporate Governance

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Approach

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 monitoring and supervisory 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.

Policy

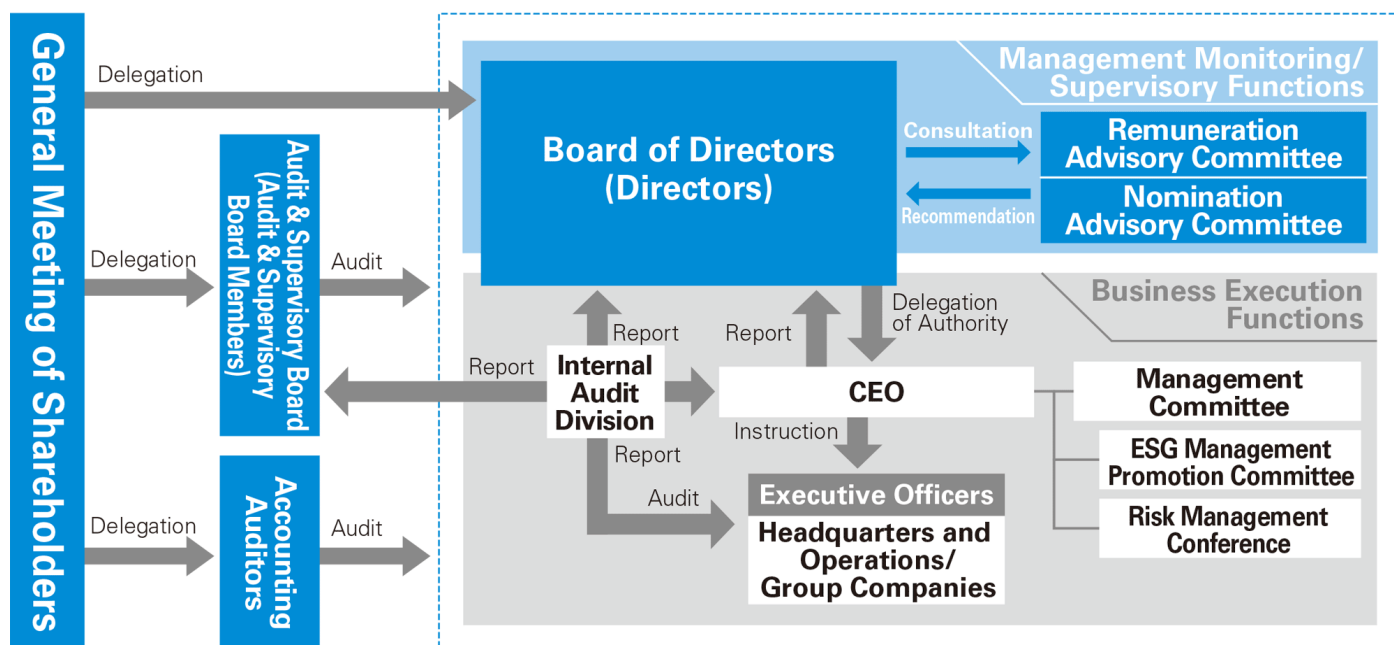
IHI will work to enhance its corporate governance in line with the following basic policies set forth by its Board of Directors.

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 monitoring and supervisory functions
5. Conduct constructive dialogue with shareholders who have investment policies in accordance with the medium- to long-term interests of shareholders

Structure

Corporate Governance Management Structure



Monitoring and Supervisory Structure

Board of Directors

IHI's Board of Directors makes decisions related to all important matters concerning the management of the Group, in addition to supervising Directors in the execution of their duties. The Board of Directors consists of 12 Directors (including six Independent Directors), and is chaired by the Chairman of the Board. The Independent Directors, who are elected from among individuals with extensive experience and broad insight as management, or with a high degree of specialist knowledge and diverse experience, participate in the Board of Directors' decision-making process from an independent standpoint, and offer advice and make recommendations to IHI's management.

The Board of Directors met 18 times in fiscal 2024, with attendance as shown in "Members of the Board of Directors."

[Appointment of Officers—Members of the Board of 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 Independent Directors, one Independent Audit & Supervisory Board Member, the Chairman of the Board, and the Representative Director and President, with an Independent Director acting as Chairperson.

The Committee convened seven times with all members present at every meeting in fiscal 2024.

Nomination Advisory Committee

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

This seven-person committee is made up of the Representative Director and President, and six Independent Directors, with an Independent Director acting as Chairperson for the purpose of ensuring proper implementation of officer appointments.

The Committee convened four times with all members present at every meeting in fiscal 2024.

Business Execution Structure

IHI has an executive officer system to strengthen the oversight and supervision of management by the Board of Directors and to speed up the decision-making process regarding business execution. Executive Officers are appointed by a resolution of the Board of Directors (five of 22 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 2024.

IHI has also set up the ESG Management Promotion Committee and the Risk Management Conference, both of which are chaired by the CEO personally. The ESG Management Promotion Committee (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.

Furthermore, the IHI Group conducts internal audits to support the management activities of the Group and contributes to the sound development of its businesses. IHI's Internal Audit Division examines and evaluates the suitability and efficiency of operations and management systems, and reports the results to the Board of Directors and the Audit and Supervisory Board.

[ESG Management Promotion Committee >](#)

[Risk Management Conference >](#)

Auditing Structure

Audit & Supervisory Board

IHI has an Audit & Supervisory Board, which comprises five Audit & Supervisory Board Members (three of whom are Independent Audit & Supervisory Board Members) who audit the duties executed by Directors.

In order to gain insight into the decision-making process and the status of the Directors' execution of their duties, Audit & Supervisory Board Members attend important meetings such as the Board of Directors and Management Committee, and express their opinions when necessary.

The Audit & Supervisory Board met 13 times in fiscal 2024, with attendance as shown in "Members of the Audit & Supervisory Board."

[Appointment of Officers—Members of the Audit & Supervisory Board >](#)

Accounting Audits

IHI undergoes accounting audits by its accounting auditor, Ernst & Young ShinNihon LLC, to determine whether the financial statements for the fiscal year in question properly present the Company's assets and profit status.

Appointment of Officers


[Policies and Procedures](#)

[Details of Corporate Officers](#)

Policies and Procedures

IHI's Board of Directors decides on ideal attributes for Officers and draws up independence standards for Independent Directors and Independent Audit & Supervisory Board Members. These standards are based on the requirements for independent directors/audit & supervisory board members stipulated by the Tokyo Stock Exchange and their emphasis is to assure that Independent Directors and Independent Audit & Supervisory Board Members are genuinely independent.

IHI's Board of Directors sets the basic policy of appointing the most appropriate Officers according to the ideal attributes and the independence criteria for Independent Directors and Independent Audit & Supervisory Board Members with the aim of ensuring sustainable growth and increased corporate value for the IHI Group over the medium- to long-term.

In appointing officers, IHI's Board of Directors has supplemented the legally required procedures by establishing a Nomination Advisory Committee (chaired by an Independent Director) comprised of all the Independent Directors and the Representative Director and President. The Committee acts as an optional advisory body to the Board of Directors in order to enhance the Board of Directors' independence, objectivity, and accountability, as well as to proactively obtain the involvement, advice, and supervision of the Independent Directors. It supervises appointment-related procedures to ensure that they are applied appropriately, and offers related advice.

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 Attributes for Officers

IHI appoints Directors and Audit & Supervisory Board Members 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 Criteria for Independent Officers

In addition to the requirements for independent directors/audit & supervisory board members stipulated by the Tokyo Stock Exchange, IHI uses the criteria below to determine independence.

1. Major shareholders

The Director should not be a major shareholder with 10% or more of the voting rights in IHI 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 IHI'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 IHI Group (with transactions valued at 2% or more of IHI's consolidated revenue in the most recent fiscal year)
- Major suppliers to the IHI Group (with transactions valued at 2% or more of the supplier's consolidated revenue in the most recent fiscal year)
- Major lenders to IHI (as listed 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, consultant, etc. who receives ¥10 million or more of monetary consideration or other property from IHI annually besides compensation as a Director/Audit & Supervisory Board Member.

4. Accounting auditor

The Director should not be a representative partner or partner of IHI's accounting auditor.

5. Mutual exchange of Officers, etc. with IHI

The Director should not be assigned to a corporation with which IHI 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 IHI 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.

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 Independent Officer Nominations

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

Approach to Ensuring Diversity in Key Human Resource Roles

Based on the Group Human Talent Strategy 2023, IHI has set targets respectively for developing the environment to actively recruit and develop human resources, promote them to management and executive positions, and promote their contributions, in particular for women among key human resource roles so that each woman employee is able to make greater contributions.

- Targets (FY2026)
Ratio of female Managers: 7%
Ratio of new female university graduate recruitment: About 20%
- Reference (FY2030) *To be reviewed as necessary according to target progress
Ratio of female Managers: Aiming for about 15%
Ratio of new female university graduate recruitment: Aiming for 20% or higher

Moreover, IHI supports the Keidanren's Challenge to increase the proportion of female Officers, exceeding 30% by 2030.

Details of Corporate Officers

Members of the Board of Directors (as of July 1, 2025)

Name Position at IHI	Inside/ Outside	Gender	Attendance at Board of Directors Meetings in FY2024	Attendance at Audit & Supervisory Board Meetings in FY2024	Period in Office	Number of IHI Shares Owned	Appointments to Advisory Committees	
							Remuneration Advisory Committee	Nomination Advisory Committee
Tsugio Mitsuoka Director and Chairman of the Board	Inside	Male	18 of 18 (100%)	—	11 years	19,900 shares	Member	—
Hiroshi Ide Representative Director and President	Inside	Male	18 of 18 (100%)	—	5 years	7,000 shares	Member	Member
Hideo Morita Representative Director	Inside	Male	18 of 18 (100%)	—	4 years	4,300 shares	—	—
Jun Kobayashi Representative Director	Inside	Male	18 of 18 (100%)	—	2 years	600 shares	—	—
Akihiro Seo Director	Inside	Male	18 of 18 (100%)	—	3 years	1,200 shares	—	—
Atsushi Sato Director	Inside	Male	—	—	—	2,600 shares	—	—
Yoshiyuki Nakanishi Independent Director	Outside	Male	18 of 18 (100%)	—	5 years	1,700 shares	Chairperson	Chairperson
Chieko Matsuda Independent Director	Outside	Female	18 of 18 (100%)	—	5 years	2,400 shares	—	Member
Minoru Usui Independent Director	Outside	Male	18 of 18 (100%)	—	4 years	3,900 shares	Member	Member
Toshihiro Uchiyama Independent Director	Outside	Male	18 of 18 (100%)	—	3 years	800 shares	Member	Member
Yayoi Tanaka Independent Director	Outside	Female	—	—	—	0 shares	—	Member
Kenichiro Yoshida Independent Director	Outside	Male	—	—	—	400 shares	—	Member

Members of the Audit & Supervisory Board (as of July 1, 2025)

Name Position at IHI	Inside/ Outside	Gender	Attendance at Board of Directors Meetings in FY2024	Attendance at Audit & Supervisory Board Meetings in FY2024	Period in Office	Number of IHI Shares Owned	Appointments to Advisory Committees	
							Remuneration Advisory Committee	Nomination Advisory Committee
Tae Hozoji Standing Audit & Supervisory Board Member	Inside	Female	14 of 14 (100%)	11 of 11 (100%)	1 years	1,600 shares	—	—
Yasuaki Fukumoto Standing Audit & Supervisory Board Member	Inside	Male	18 of 18 (100%)	—	—	1,100 shares	—	—
Aiko Sekine Independent Audit & Supervisory Board Member	Outside	Female	17 of 18 (94%)	13 of 13 (100%)	5 years	0 shares	—	—
Yumiko Waseda Independent Audit & Supervisory Board Member	Outside	Female	18 of 18 (100%)	13 of 13 (100%)	4 years	0 shares	—	—
Kazuhiro Muto Independent Audit & Supervisory Board Member	Outside	Male	18 of 18 (100%)	13 of 13 (100%)	2 years	3,000 shares	Member	—

Average Attendance of Independent Directors and Independent Audit & Supervisory Board Members

(Unit: %)

		FY2021	FY2022	FY2023	FY2024
Independent Director	Board of Directors meetings	100	99	97	100
Independent Audit & Supervisory Board Member	Board of Directors meetings	98	98	100	94
	Audit & Supervisory Board meetings	100	100	100	100

Ratio of Independent Directors

(Unit: %)

	FY2021	FY2022	FY2023	FY2024	FY2025
Ratio of Independent Directors	33	33	33	33	50

Significant Concurrent Positions of Independent Officers (as of July 1, 2025)

Name Position at IHI	Number of Significant Concurrent Positions	Significant Concurrent Positions at Other Companies
Yoshiyuki Nakanishi Independent Director	2	Outside Director, THE JAPAN STEEL WORKS, LTD. Outside Director, SHIMADZU CORPORATION
Chieko Matsuda Independent Director	5	Professor, Faculty of Economics and Business Administration, Tokyo Metropolitan University Professor, Graduate School of Management, Tokyo Metropolitan University Outside Director, Asahi Kasei Corporation Outside Members of the Board, Toyota Tsusho Corporation External Director, Isetan Mitsukoshi Holdings Ltd.
Minoru Usui Independent Director	1	Outside Director, Sumitomo Pharma Co., Ltd.
Toshihiro Uchiyama Independent Director	2	Advisor, NSK Ltd. Outside Director, Sapporo Holdings Limited
Yayoi Tanaka Independent Director	1	Outside Director, Japan Exchange Group, Inc.
Kenichiro Yoshida Independent Director	1	Outside Director, Qualipse, Inc.
Aiko Sekine Independent Audit & Supervisory Board Member	5	Certified Public Accountant Advisor, JICPA Professor, Faculty of Commerce, Waseda University Outside Director, ORIX Corporation Outside Director (Audit & Supervisory Committee Member), NIPPON STEEL CORPORATION
Yumiko Waseda Independent Audit & Supervisory Board Member	3	Attorney at Law Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd. Outside Director (Audit and Supervisory Committee Member), SCSK Corporation
Kazuhiro Muto Independent Audit & Supervisory Board Member	1	Executive Operating Officer, Oracle Corporation Japan

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

This table summarizes the expertise and experience necessary for the Board of Directors to efficiently fulfill its functions and realize the IHI Group's management philosophy and future ideal vision. Up to three skills that are particularly expected of each Director and Audit & Supervisory Board Member are listed, and do not cover all expertise 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
Directors	Tsugio Mitsuoka	○	○						○
	Hiroshi Ide	○		○	○				
	Hideo Morita		○	○					○
	Jun Kobayashi			○	○				
	Akihiro Seo						○		○
	Atsushi Sato		○						
	Yoshiyuki Nakanishi	○		○	○				
	Chieko Matsuda						○	○	○
	Minoru Usui	○	○	○					
	Toshihiro Uchiyama	○		○	○				
	Yayoi Tanaka							○	○
	Kenichiro Yoshida							○	
Audit & Supervisory Board Members	Tae Hozoji								○
	Yasuaki Fukumoto							○	
	Aiko Sekine							○	
	Yumiko Waseda								○
	Kazuhiro Muto			○	○	○			

Skill	Expected Competencies Based on Expertise 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 contributes 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

Remuneration for Officers


[Policy on Determination of Remuneration for Officers](#)

[Results for FY2024 Remuneration](#)

Policy on Determination of Remuneration for Officers

At its Board of Directors meeting held on May 21, 2025, IHI resolved to revise its policy on determination of remuneration for officers, as follows. 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 Independent Directors)

1. Basic Policy on Determining Remuneration

- Remuneration shall be aimed at fully encouraging Directors and Executive Officers to perform their duties in line with management philosophy, Group vision, and Group management policy, and strongly motivating them toward the achievement of specific management goals to bring IHI's and the IHI Group's sustainable growth and improve the medium- and long-term corporate value.
- Remuneration shall be structured with the appropriate allocation of a fixed base amount, an annual incentive (performance-based bonuses), which is linked to the operating performance of each fiscal year, and a long-term incentive (performance-based share remuneration and restricted share remuneration plan), which is linked to medium- and 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 treatment shall be provided to Officers of IHI in consideration of IHI's management environment, and social roles and liabilities 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.
- In the case of standard business performance, total amount of remuneration shall be allocated at approximate proportions of 50%:30%:20% for the Director and Chairman of the Board, and the Representative Director and President, and at approximate proportions of 55%:25%:20% for other Directors respectively to a fixed base amount, an annual incentive, and a long-term incentive provided upon the achievement of the targeted performance. In addition, long-term incentive shall be allocated at approximate proportions of 50%:50% for the performance-based incentive and restricted share remuneration respectively.

3. Framework of Incentive Remuneration

(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 ESG indicators* aimed at promoting ESG management. The performance indicators shall be reviewed as necessary, particularly upon encountering changes in the management environment and Officers' duties.

* ESG indicators are used to evaluate efforts to reduce greenhouse gases, improve employee engagement, and promote DE&I.

b. Method of calculating remuneration

The monetary amount of remuneration provided every fiscal year is calculated as follows, and 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.

$$\text{Monetary amount to be paid} = \left(\begin{array}{l} \text{Standard payment amount} \\ \text{corresponding to titles and} \\ \text{positions and type of profit} \\ \text{indicators used for reference} \end{array} \times \begin{array}{l} \text{Performance evaluation} \\ \text{payout rates proportionate} \\ \text{to the profit indicators} \end{array} \right) \times \begin{array}{l} \text{Adjustment factor} \\ \text{based on growth} \\ \text{rate of consolidated} \\ \text{operating profit} \end{array} + \begin{array}{l} \text{Payment amount} \\ \text{based on ESG} \\ \text{indicators} \end{array}$$

(2) Performance-based share remuneration (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 change to the performance indicators as necessary in alignment with review of the Group management policies.

b. Method of calculating remuneration

The number of shares to be delivered as performance-based share remuneration is calculated as follows, and 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. A monetary sum equivalent to the market value of the shares is to be delivered with respect to a portion of such remuneration.

$$\text{IHI's shares to be delivered} = \begin{array}{l} \text{Base points} \\ \text{corresponding to} \\ \text{titles and positions} \end{array} \times \begin{array}{l} \text{Performance} \\ \text{evaluation} \\ \text{payout rates} \end{array} \times \begin{array}{l} \text{The ratio obtained by dividing the} \\ \text{months of service in the} \\ \text{fiscal year under review by 12} \end{array} \times 50\%$$

(3) Restricted share remuneration plan (long-term incentives)

In each fiscal year, the transfer restricted shares equivalent to the granted points, which are defined by position, will be awarded.

The transfer restriction period is the period from when the shares are issued until the officer retires for the purpose of strengthening management that is conscious of stock price and the connection with corporate value.

In addition, the number of shares to be issued as restricted share remuneration will be determined as follows, and part of the compensation will be paid in the form of money equivalent to the market value of the shares.

$$\text{IHI's shares to be delivered} = \text{Points given corresponding to titles and positions} \times 70\%$$

4. Remuneration for Officers Who Are Serving Outside Japan

If deemed necessary for the execution of their duties, an allowance may be paid separately for expenses, etc., as determined by IHI, taking into consideration local laws and regulations, customs, levels, etc., pertaining to remuneration, and remuneration may also be determined individually, taking into consideration local market levels, etc.

For the allowance, the equivalent amount of money shall be paid as part of the base amount.

5. Procedures for Determining Remuneration

To ensure appropriateness and objectivity regarding matters of officer remuneration, including remuneration for individual Directors, the Board of Directors shall make decisions on such matters subsequent to deliberation and reporting findings thereof by the Remuneration Advisory Committee established as an optional body by IHI.

6. Other Significant Matters

(1) Incentive remuneration

IHI has adopted a mechanism under which IHI does not pay the unpaid portion (malus) and recoups remuneration already paid (clawback) for annual and long-term incentives in the case of events such as revision of business performance which is the basis of remuneration, violation of laws and regulations by eligible officers or serious violation of the contract of mandate between IHI and eligible officers.

In addition, regardless of the calculation results, if no dividend is paid, the annual incentives are not paid to Directors.

(2) General remuneration

In the event of a net loss attributable to owners of parent for the current term, political, economic, or social conditions, or major changes in management not anticipated in the initial term plan (including scandals that could harm corporate value), changes to the content of remuneration, etc., will be decided by the Board of Directors after consulting with and receiving a report from the Remuneration Advisory Committee.

Remuneration of Independent Directors and Audit & Supervisory Board Members

Remuneration of Independent 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 amount shall be determined through discussions among the Audit & Supervisory Board Members. The base amount for Independent Directors and Audit & Supervisory Board Members shall be set at an appropriate level upon having considered factors that include roles and responsibilities assumed by the respective officers. Moreover, the Company shall perform verification by regularly surveying objective market data on remuneration researched by an external specialized institution.

Results for FY2024 Remuneration

Total Amount of Remuneration, etc. Paid and Number of Recipients

(Unit: Millions of yen)

Officer Category (Persons)		Total Amount Paid	Breakdown		
			Base Amount	Performance-based Share Remuneration ^{*1}	Performance-based Bonus ^{*2}
Directors (13)	Inside Directors (9)	1,106	468	264	374
	Independent Directors (4)	57	57	—	—
Audit & Supervisory Board Members (6)	Inside Audit & Supervisory Board Members (3)	72	72	—	—
	Independent Audit & Supervisory Board Members (3)	43	43	—	—
Total (19)		1,279	640	264	374

^{*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 by reporting company in the fiscal year, which may be 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 Amount Paid	Breakdown		
			Base Amount	Performance-based Share Remuneration ^{*1}	Performance-based Bonus ^{*2}
Tsugio Mitsuoka	Director	198	68	48	81
Hiroshi Ide	Director	208	64	53	90
Tsuyoshi Tsuchida	Director	128	46	31	44
Hideo Morita	Director	120	46	31	41
Jun Kobayashi	Director	207	144 ^{*2}	31	31

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

^{*2} Base remuneration of Director Jun Kobayashi includes payment as expenses incurred by the provision of services outside of Japan.

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

Highest total annual remuneration (CEO) (Rounded down to million yen)	208,000,000
Average annual salary (yen) of IHI employees (Total: 7,911)	8,134,777
Ratio (CEO : employees)	26 : 1

Performance-based Bonuses of Directors (Excluding Independent Directors)*¹

Performance Evaluation Indicators	Weight	Fluctuation Range of Performance Evaluation Payout Rates	Target	Result	Performance Evaluation Payout Rates
Consolidated profit ^{*2, *3}	40%	0–200%	Upper: 73.8 billion JPY Target: 52.8 billion JPY Lower: 31.8 billion JPY	105.4 billion JPY	80%
Consolidated operating cash flows ^{*3}	40%	0–200%	Upper: 134.0 billion JPY Target: 80.0 billion JPY Lower: 60.0 billion JPY	179.6 billion JPY	80%
ESG indicators	20%	0–200%	Set target individually based on each KPI and the result is decided at the Board of Directors.		20%

*1 Performance-based bonus: Provided as their business execution for the fiscal year ended March 31, 2025.

*2 Consolidated profit: Refers to profit attributable to owners of parent.

*3 Target and result of the consolidated profit and the consolidated operating cash flows of the business area in charge are adjusted by making deduction profits from sales of real estate, securities, etc. or adding adjustment based on the assumption of foreign exchange level.

Performance-based Share Remuneration of Directors (Excluding Independent Directors)*

Performance Evaluation Indicators	Fluctuation Range of Share Payout Rates	Target	Result	Performance Evaluation Payout Rates
Consolidated ROIC	0–150%	Upper: 13% Target: 10% Lower: 5%	9.7%	95%

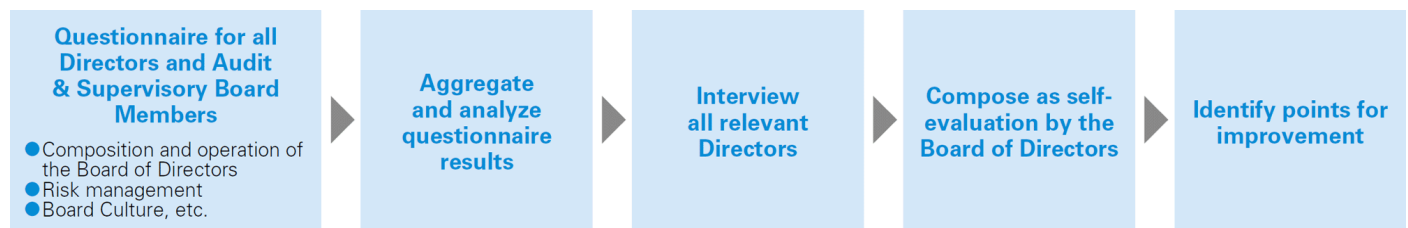
* Performance-based share remuneration: The fiscal year ended March 31, 2023, will be the beginning fiscal year of the performance evaluation period, and the fiscal year ended March 2025 will be the ending fiscal year of the performance evaluation period.

Board of Directors Evaluation

- ▼ Basic Effectiveness Evaluation Process
- ▼ Initiatives That Underwent Effectiveness Evaluation and Their Results
- ▼ Backup System for Improving the Effectiveness of Independent Directors and Independent Auditors

IHI has been evaluating the performance of the Board of Directors annually since fiscal 2015 to further its effectiveness. The next evaluation of the Board of Directors is scheduled to be conducted during fiscal 2025.

Basic Effectiveness Evaluation Process



Initiatives That Underwent Effectiveness Evaluation and Their Results

	Items	Results	Initiatives in Response to Evaluation Results
FY2023 Evaluation	Self-evaluation - Questionnaire analysis by a third-party evaluation agency - Interviews with all Officers by the secretariat	<Overall evaluation> - Effectiveness is ensured <Identified issues> - Further enhancement of discussions on the composition of the Board of Directors, succession planning, roles and role allocation, etc., which are prerequisites for the Board of Directors to exercise its monitoring and supervisory functions - Ensuring deliberation time and further deepening discussions on important issues to be discussed at the Board of Directors - Expansion of information provision for appropriate decision-making	Management of the Board of Directors in FY2024 - Discussions on the way of monitoring and supervisory functions of the IHI Board of Directors - Setting of the management agenda for the fiscal year 2024 by the executive side and discussions at the Board of Directors based on this - Creation of documents that clearly organize the issues to be discussed and enhancement of information provision to Independent Directors
FY2024 Evaluation	Third-party evaluation Questionnaire analysis by a third-party evaluation agency and interviews with all Officers, and an overall evaluation based on these efforts	<Overall evaluation> - Key managerial decision-making and monitoring processes are operating efficiently <Identified issues> - Further enhancement of discussions on medium- and long-term strategies such as business portfolios and business model construction, as well as matters important to management (human resources strategies, group governance, risk management, etc.) - Making full use of the limited time available at Board of Directors meetings	Management of the Board of Directors in FY2025 - Maintain sufficient opportunities for discussion by setting agenda items on matters important to management throughout the year, with a focus on discussions on creating a new medium-term management policy - Implement operational innovations and improvements to make full use of the limited time available at Board of Directors meetings and ensure fruitful dialogue

Backup System for Improving the Effectiveness of Independent Directors and Independent Auditors

At IHI, Independent Directors and Independent Audit & Supervisory Board Members are briefed on the content and background of agenda items prior to monthly Board of Directors, and off-site meetings and others separate from Board of Directors are organized in order to provide opportunities for discussion regarding medium- to long-term strategies which include business portfolios, among others.

Furthermore, the Company also provides tour opportunities of its business locations, construction sites, and so on with the aim of deepening understanding of its business practices and products. In fiscal 2024, the Company set up tours of domestic works and business sites, as well as overseas business development hubs.

In addition, an Audit & Supervisory Board secretariat assists Audit & Supervisory Board Members in executing their duties. The secretariat assists Independent Audit & Supervisory Board Members, and Standing Audit & Supervisory Board Members report to them on the status of daily audits to share information.

Cross-Shareholdings



Approach/Policy



Results

Approach/Policy

Purpose of Cross-shareholdings

IHI has established the following policy on cross-shareholdings in the Corporate Governance Report.

In principle, IHI does not hold shares of listed company for the purpose of cross-shareholdings. However, IHI may exceptionally hold shares of strategic partners such as business alliances and joint research and development for the purpose of improving medium- to long-term growth and corporate value.

Management of Cross-shareholdings

In case of holding shares exceptionally for the purpose of cross-shareholdings, regardless of being listed or unlisted, which shares will be held is determined by assessing their mid-to long-term significance and the economic rationality of whether the advantages and risks brought by the shareholdings are commensurate with the capital costs, and the result is reported to the Board of Directors.

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 IHI 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 2024, IHI sold seven security names among its 122 security names of cross-shareholdings (36 listed and 76 unlisted security names) it owned as of the end of the previous fiscal year.

Compliance

Business Ethics & Compliance

▼ Approach ▼ Policies ▼ Governance ▼ Risk Management ▼ Metrics and Targets

Approach

The IHI Group promotes compliance in accordance with the Basic Rules of Compliance for IHI Group.

The purpose of this initiative is not only to adhere to laws and regulations but also to meet the expectations of society, by understanding the evolving values of society and the demands placed upon us.

Additionally, the IHI Group believes that achieving sustainable growth together with society and our customers requires responding to stakeholder expectations and earning their trust. Based on this philosophy, we have outlined the principles we must practice in the Basic Code of Conduct for the IHI Group.

Furthermore, following the misconduct in the Civil Aero Engine Maintenance Business in 2019, we established the IHI Group Code of Action, which provides guidance for how executives and employees of the IHI Group should make decisions and take actions in their daily work to uphold the Basic Code of Conduct for the IHI Group. The IHI Group also designated May 10th as “Compliance Day” and has been conducting various activities, including distributing messages from top management and carrying out other initiatives.

| Toward Reforming Organizational Culture

The IHI Group announced misconduct related to the fuel consumption rates for marine and land-based engines at IHI Power Systems in April 2024, and improper actions concerning the snow removal performance of road snowplows at Niigata Transys in July 2024. Additionally, in March 2025, it was determined by the Japan Fair Trade Commission that IHI Transport Machinery had engaged in activities violating the Antimonopoly Act.

In light of these incidents, the IHI Group is committed to thoroughly implementing measures to prevent violations of laws and misconduct. These measures include establishing systems, organizations and personnel structures to prevent misconduct, and reforming the corporate culture.

Policies

Basic Code of Conduct for the IHI Group

We, 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.

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.

[Your Guide to IHI Group's "Basic Code of Conduct" \(1.3MB\)](#) 

Basic Rules of Compliance for IHI Group

The IHI Group defines “compliance” as employees and others practicing the following behavior in the course of their work 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

Governance

Compliance Committee

The IHI Group has established the Compliance Committee under the Risk Management Conference, which is chaired by the CEO and operates in accordance with the IHI Group Basic Rules on Risk Management.

The Compliance Committee is composed of the Group Compliance Officer as its chairperson and persons responsible for compliance implementation and promotion from each division as its members. It deliberates and formulates key policies related to compliance, including the prevention of competition law and anti-corruption law violations, and promotes other compliance activities. At the beginning of each fiscal year, the committee reports the previous fiscal year's performance and the plans for the current fiscal year to the Management Committee.

The decisions made by the Compliance Committee are disseminated to each division through its members and incorporated into compliance activities tailored to the business structure.

The corporate divisions plan and implement compliance activities for the IHI Group in line with the policies determined by the Compliance Committee. They also monitor the compliance activities of each division and provide necessary guidance and support as needed.

Compliance matters deemed particularly important to management are reported to and discussed by the Board of Directors.

Compliance Structure



Compliance Committee

Chairperson	Officer in charge of Group Compliance
Members	Persons responsible for compliance implementation and promotion
Secretariat	Legal Division
Number of meetings convened in FY2024	2

Risk Management

Risk Management Activities for FY2024

Following the revelation of a series of misconducts, the IHI Group encouraged employees to voluntarily report any potential improper activities through a CEO message addressed to all employees, aiming to identify and address any other potential misconducts at an early stage.

Additionally, the Internal Audit Division and the Legal Division, with the involvement of an external consultant, conducted a joint audit with a focus on cartels and bid-rigging. The audit included risk assessment for potential violations of antitrust laws, taking into account the market environment of each product and service. On-site inspections were carried out for products and services identified as high-risk.

Compliance Hotline

The IHI Group operates a Compliance Hotline under the supervision of the Legal Division in accordance with the Basic Rules of Compliance Hotline for the IHI Group. This hotline serves as an internal reporting mechanism aimed at identifying and addressing potential or actual violations of laws, internal or external rules, at an early stage or before they occur to ensure appropriate corrective measures are taken. The rules prohibit any disadvantageous treatment, harassment, or similar actions against whistleblowers, and individuals who violate this prohibition are subject to disciplinary action in accordance with applicable employment regulations. Reports can also be made anonymously. The content of reports, as well as information obtained through investigations, is protected to prevent any leaks.

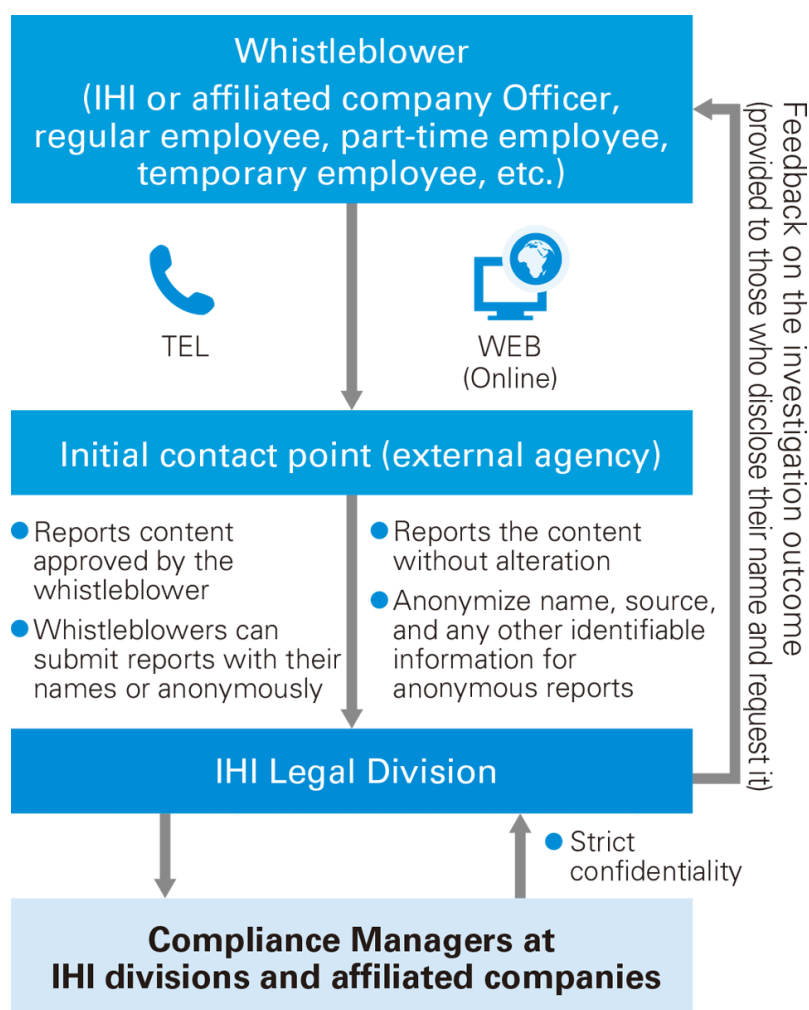
The IHI Group provides information on how to use the hotline and its operational policies on the IHI Group's internal website accessible to group employees. Additionally, the hotline is promoted through compliance-related training programs within the IHI Group.

IHI Group officers, employees, and temporary staff can use this hotline to report issues or consult with an external specialized organization without going through their respective departments.

The hotline is not only available in Japan, but is also operated overseas. Reports are accepted in the primary languages used in each country or region.

Furthermore, in order to monitor compliance-related risks and enable concrete responses, we evaluate the number and content of reports received, as well as their correlations with employee awareness surveys. This evaluation supports the identification of risk trends and the development of countermeasures by each department.

Framework of the Compliance Hotline



Quality & Compliance Training

The IHI Group extended quality & compliance training for all officers and employees* at least once a year to all Group companies beginning in fiscal 2019. The aim of this training is to instill and establish the IHI Group Code of Action as well as its IHI Group Quality Declaration. Training content also touches on the Basic Code of Conduct for the IHI Group.

From fiscal 2020, the Group has been conducting quality compliance education program with the aim of deepening understanding of quality issues. Case studies are employed to teach the mechanisms and underlying causes of quality-related compliance issues, as well as what should be done to prevent their occurrence.

In fiscal 2024, following the discovery of the quality issues, the Group conducted special training for all managers at the affiliated companies in question. In addition, workshops were held for all employees with the aim of instilling and establishing a deeper awareness of quality issues.

* Officers, employees, temporary employees, re-hired employees, advisors and contract employees, part-time employees, fixed-term employees

Awareness Building Among Employees

The IHI Group distributes a monthly “Compliance Newsletter” to employees through Compliance Managers, providing relevant compliance topics to enhance employee awareness of compliance. In addition, articles titled “Legal Topics,” which explain recent compliance issues that have gained attention in society, are distributed approximately three times a year via email and made available on the IHI Group’s internal website.

Metrics and Targets

Number of Compliance Hotline Reports

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

Item		FY2021	FY2022	FY2023	FY2024
Reports		263	286	314	246
	Of which, the number of compliance violations recognized	—	—	—	9
	Corruption, bribery	—	—	—	0
	Discrimination, harassment	—	—	—	9
	Customer privacy data	—	—	—	0
	Conflict of interest	—	—	—	0
	Money laundering, insider trading	—	—	—	0

Number of Compliance Training Participants*

(Unit: People)

Item		Scope	FY2021	FY2022	FY2023	FY2024
Quality & Compliance Training	Japan	IHI and subsidiary companies in Japan	26,243	25,870	25,379	26,566
	Overseas	Subsidiary companies overseas	4,938	5,334	5,072	5,923
Officer training		IHI and subsidiary companies in Japan	—	—	—	—
Training for line managers		Subsidiary companies overseas	—	—	—	—
e-learning	Japan		21,659	21,635	21,798	21,028
	Overseas		—	—	—	—

* Participants include officers, employees, temporary employees, re-hired employees, advisors and contract employees, part-time employees, and fixed-term employees.

Tax Compliance

▼ Approach ▼ Policy ▼ Governance ▼ Risk Management

Approach

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.

Policy

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.

Governance

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.

Risk Management

| 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.

| Tax Stakeholder Engagement & Management

The IHI Group makes timely and appropriate tax declarations and disclosures, 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.

| Country-by-Country Report (CbCR) Disclosure

The IHI Group pays taxes appropriately in each country or region in which it operates, in accordance with the objectives of the BEPS project of the Organization for Economic Cooperation and Development (OECD).

[FY2023 \(Fiscal Year Ended March 31, 2024\) Country-by-Country Report \(CbCR\)](#) 

Competition Laws/Anti-corruption Laws

▼ Approach ▼ Policies ▼ Governance ▼ Risk Management ▼ Metrics and Targets

Approach

| Commitment to Competition Law Compliance and Anti-corruption

The IHI Group has established the Basic Code of Conduct to be followed by all the officers and the employees of all the Group companies. The management, including the President, takes the lead in promoting compliance with all laws, including competition and anti-corruption laws.

By acting in accordance with this Code of Conduct, the IHI Group thoroughly prohibits bribery of all persons, including government officials.

Policies

| IHI Group Competition Law Compliance Policy

In order to comply with competition laws, the IHI Group has established the IHI Group Competition Law Compliance Policy, that embodies the IHI Group Code of Action, and is continuously working to prevent anti-competitive behavior. The policy requires each Group company to establish operational standards and appoint a management supervisor who is in charge of compliance in competition laws. In addition, the IHI Legal Division supports the creation of highly effective operational standards that take into account the actual business situations of each Group company.

| IHI Group Basic Policy Against Bribery of Public Officials

In order to comply with anti-corruption laws, the IHI Group has established the IHI Group Basic Policy Against Bribery of Public Officials, and is actively engaged in the fight against corruption. The policy prohibits bribery of all persons, including government officials, and unjust or unreasonable expenses or donations, including facilitation payments. In addition, each Group company has established operating guidelines and has defined specific procedures and chief administrators, thereby working to improve the effectiveness of the regulations.

Governance

As a part of its internal control, the IHI Group regularly audits on each of its internal divisions and IHI Group companies to ensure that they are in compliance with the IHI Group Competition Law Compliance Policy and the IHI Group Basic Policy Against Bribery of Public Officials.

Additionally, the IHI Group conducts risk assessments, education, and training on competition laws and anti-corruption laws, and reports the status of these activities to its Compliance Committee once every six months.

Furthermore, the IHI Group has established a system to identify and address any compliance issues at the earliest possible stage through the Compliance Hotline.

If any serious compliance issues are discovered, the IHI Group will set up an emergency headquarters headed by the Chief Executive Officer (CEO) to quickly and flexibly handle the issue, utilizing the expertise of internal and external experts. The emergency headquarters will follow up the matter until the implementation of measures to prevent recurrence are completed.

Risk Management

Competition Law and Bribery Risk Assessment

The IHI Group conducts regular assessment on risks to competition laws and anti-corruption laws for each division of IHI and each Group company. Assessments are conducted with consideration to the region in which each business operates, the characteristics of products and services, the market environment, and past violation cases (including those of other companies), and appropriate measures are taken according to the level of risk.

Training on Competition Law Compliance and Anti-corruption

In order to prevent anti-competitive behavior to occur, the IHI Group conducts competition law compliance training for all the officers and the employees of IHI Group, which covers competition laws in various countries, such as the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade in Japan, the Sherman Antitrust Act in United States, and competition laws in the European Union.

Moreover, in order to prevent corruption, the IHI Group conducts awareness-raising activities and education regarding compliance with anti-corruption laws such as the Japanese Penal Code and the Unfair Competition Prevention Act as well as the U.S. Foreign Corrupt Practices Act and the UK Bribery Act.

Starting in fiscal 2023, the IHI Group rolled out basic e-learning on competition law compliance and anti-corruption to all officers and employees as a principle.

Based on the results of risk assessments, additional training programs are provided to IHI divisions and Group companies according to the level of risk. In addition, the training materials are shared on the company's internal website so that officers and employees are able to refer to them at any time. Also, the IHI Legal Division considers feedback from the participants and recent consultation cases and reviews the training content, then uses the PDCA cycle to make the training more effective.

Raising Awareness Among Officers and Employees

The IHI Group regularly posts articles on competition law and anti-corruption topics on its internal website, which is available to officers and employees, in an effort to increase knowledge of these topics. Relevant internal rules and guidelines are also posted, which officers and employees can read at any time.

Metrics and Targets

Training Participants (Total)

(Unit: People)

Item		Scope of Data	FY2021	FY2022	FY2023	FY2024
Officers and employees		IHI and consolidated subsidiaries	1,871	2,007	51,222	47,246
(Breakdown by topic)	Competition law	IHI and consolidated subsidiaries	—	622	26,148	24,016
	Anti-corruption law	IHI and consolidated subsidiaries	—	1,385	25,074	23,230
(Breakdown by region)	Japan	IHI and subsidiary companies in Japan	1,721	1,784	50,618	44,288
	Overseas	Subsidiary companies overseas	150	223	604	2,958

Competition Law/Anti-corruption Law Violations

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

Item	FY2021	FY2022	FY2023	FY2024
Competition law	0	0	0	1
Anti-corruption law	0	0	0	0

Expenditure to Lobbying, Political Organizations, Economic Organizations, Industry Organizations, etc.

(Unit: Millions of yen, Scope: IHI)

Item		FY2021	FY2022	FY2023	FY2024
Expenditure	Lobbying, interest groups	0	0	0	0
	Political organizations*1	10	10	10	10
	Economic and industry organizations*2	171	177	178	208
	Other (such as expenditure related to ballot measures or referendums)	0	0	0	0

*1 The recipient of the expenditure is the People's Political Association.

*2 The main recipients of expenditure to economic and industry organizations are the Society of Japanese Aerospace Companies, Japan Business Federation (Keidanren), and the Japan Bridge Association.

Security Export Control

▼ Approach ▼ Policy ▼ Governance ▼ Risk Management

Approach

The IHI Group has established its Security Export Control Compliance Program to properly implement security export control for the purpose of maintaining peace and security in Japan and the international community, and conducts strict export controls to prevent products and technologies from leading to the development of mass destruction weapons or excessive stockpiles of conventional weapons.

The IHI Group strives to comply with not only the Foreign Exchange and Foreign Trade Act (FEFTA) of Japan, but also the local regulations of where our overseas group companies are located and applicable extraterritorial regulations. This helps reduce the risk of legal violations and as a result, potential administrative sanctions.

Policy

| Security Export Control Compliance Program

The IHI Group has launched the following as the principle in its Security Export Control Compliance Program.

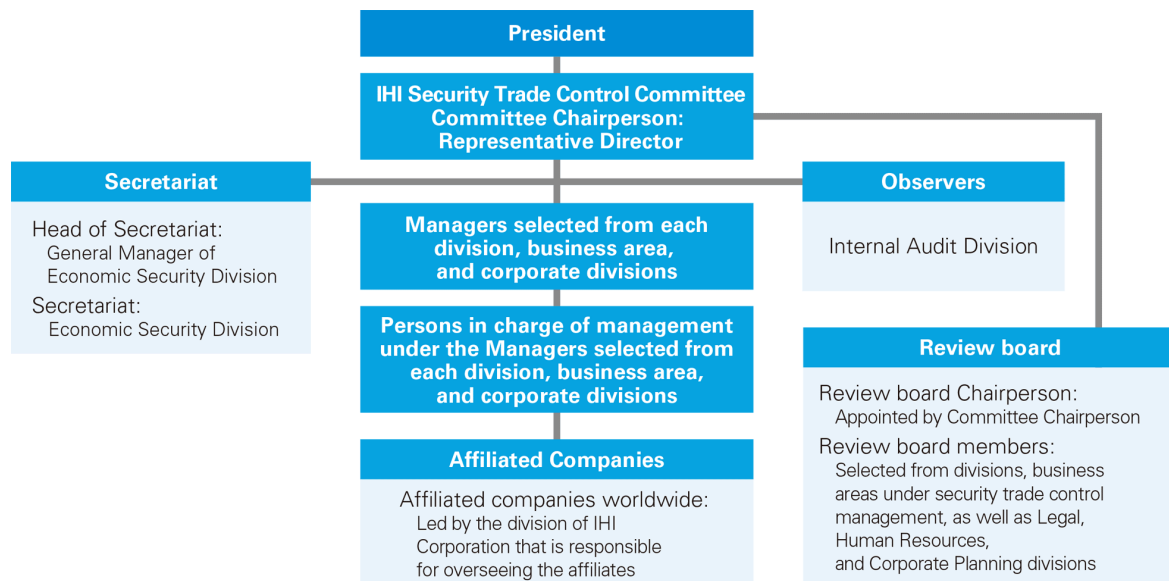
- The IHI Group does not export goods and/or transfer technology subject to control, even as an intermediary trade transaction, directly or indirectly to restricted countries or regions in violation of FEFTA without obtaining the license from the authorities.
- The IHI Group does not re-export goods or re-transfer technologies controlled by applicable extraterritorial regulations without obtaining the permission from the relevant authorities or following the required procedures.

Governance

| IHI Security Export Control Committee

The IHI Group has set up its own Security Export Control Committee chaired by the Representative Director and composed of Committee members (Managers selected from each division, business area, and corporate divisions), and the secretariat (Economic Security Division). At the Committee, the Committee members conduct transaction screenings, audit security export control practices, share the latest information about relevant laws and regulations, and implement awareness-raising and educational activities. In fiscal 2024 this Committee meeting was held three times, sharing audit results, management concerns, and security export control conditions including the situation not only in Japan but also overseas, and horizontally disseminating them to enhance management quality throughout the IHI Group.

Security Export Control Structure



IHI Security Export Control Committee

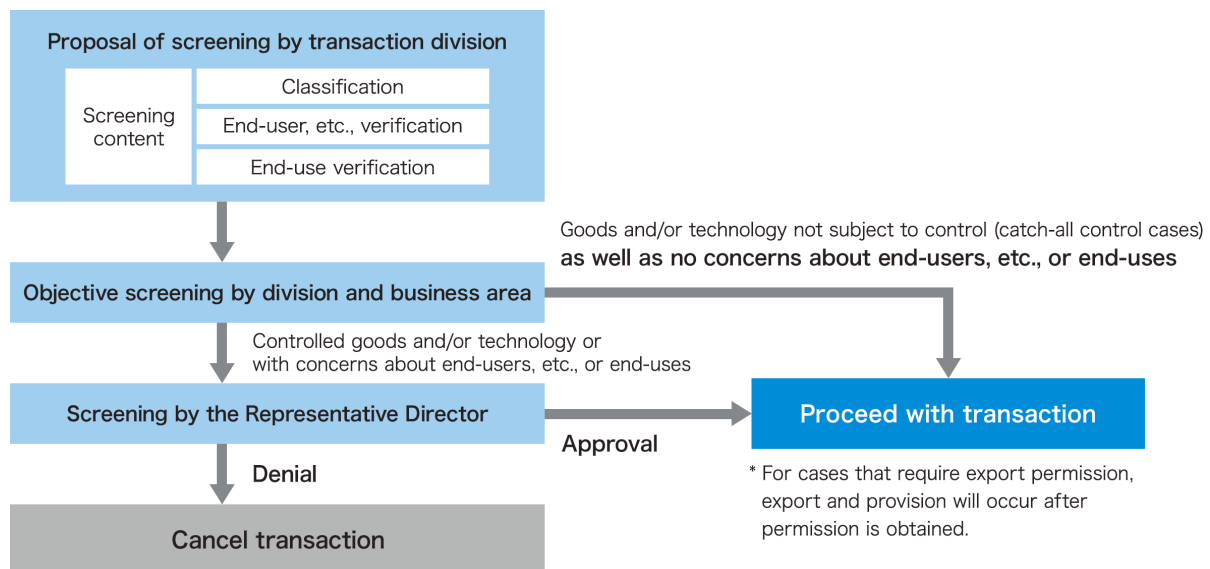
Committee Chairperson	Representative Director
Members	Managers selected from each division, business area, and corporate divisions
Secretariat	Economic Security Division
Number of meetings convened in FY2024	3

Risk Management

Security Export Control Screening

The IHI Group has established a transaction screening system to thoroughly and appropriately screen transactions according to their content. After its transaction division proposes screening for all transactions, each division and business area objectively review them for validity and legality. Concerning highly sensitive cases or ones which require approval from the Ministry of Economy, Trade and Industry, the representative director screens the case, and the transaction cannot proceed unless approved.

Security Export Control Screening System



Education/Awareness Building

The IHI Group provides security export control education for its employees at each specific level. The content of the training corresponds with the employee's role. Furthermore, the Group promotes STC Expert/STC Legal Expert certification acquisition, sponsored through the third-party organization.

Security export control requires comprehensive and precise understanding of complex laws and regulations. The Group strives to ensure each employee understands these laws and regulations and properly addresses security export control.

Risk Management

Risk Management

▼ Approach ▼ Policy ▼ Governance ▼ Risk Management

Approach

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.

Policy

Risk Management Policy

The IHI Group manages risk in accordance with the following action guidelines based on the Basic Code of Conduct.

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.

Governance

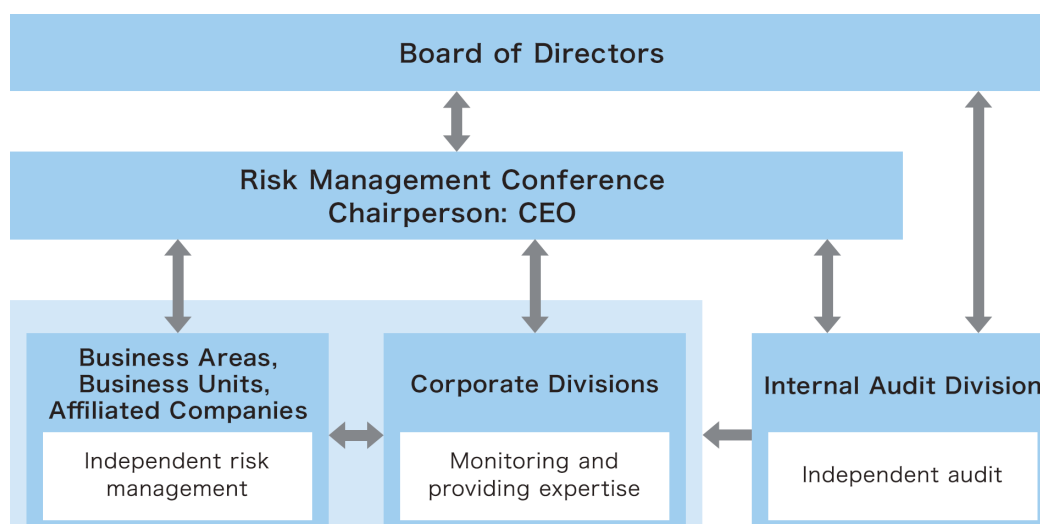
The IHI Group has established the Risk Management Conference chaired by the CEO as a body to formulate and review policy initiatives and annual plans, assess their progress, and identify issues and take corrective measures, and other matters vital to overall risk management. Details of the Risk Management Conference are reported to the Board of Directors, who then develop systems to achieve risk management initiatives as well as monitor, supervise, and evaluate operation.

In addition, the IHI Group established the Compliance Committee, a Group-wide committee on compliance under the Risk Management Conference. This Committee is chaired by the Officer in charge of Group Compliance.

Compliance Structure >

In order to carry out effective risk management, IHI has clarified the roles and responsibilities of the first line (business areas, business units, and affiliated companies), second line (corporate divisions), and third line (Internal Audit Division).

Risk Management System



Risk Management Conference

Chairperson	Chief Executive Officer (CEO)
Members	General Managers of Group Risk Management Units, Presidents of business areas, and others nominated by the Chairperson
Secretariat	Corporate Planning Division
Number of meetings convened in FY2024	4

Risk Management

Risk Management Activities

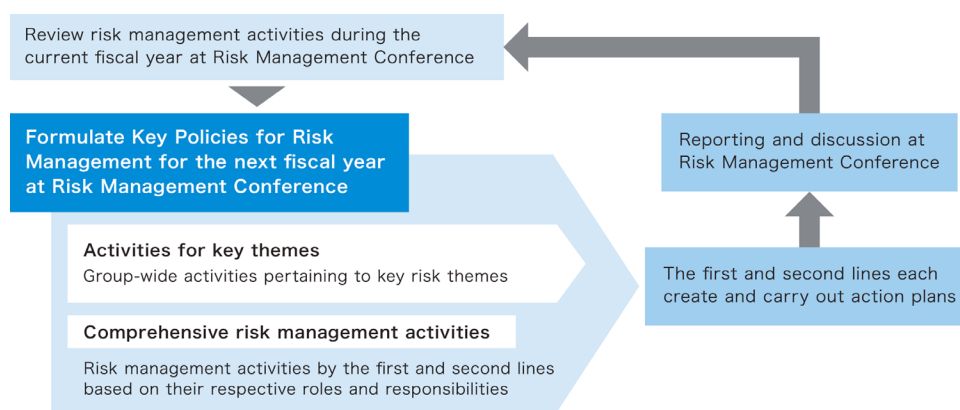
The IHI Group establishes the Key Policies for Risk Management for each fiscal year. Each IHI division and affiliated company, including those overseas, move forward with independent risk management in accordance with these policies.

The Group is working on comprehensive risk management activities for a wide range of business-related risks. It also designates 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.

Additionally, the Internal Audit Division conducts an internal audit once a year to assess the level of preparation and performance of IHI Group's risk management.

Risk Management Activity Flow



Key Policies for Risk Management in FY2025

The IHI Group's first line (business areas, business units, and affiliated companies), second line (corporate divisions), and third line (Internal Audit Department) each conduct independent and effective risk management based on their respective roles and responsibilities. In a social environment where instability is a given, the IHI Group as a whole will identify new risks that need to be addressed in a timely manner, consider response policies at the Risk Management Conference, and conduct proactive and systematic risk management.

The Key Risk Management Themes for FY2025

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

- Compliance
- Quality assurance
- Economic security
- Information security
- Human rights
- Risk of talent shortage
- Emerging risks (such as the Nankai Trough Megathrust Earthquake)

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, the Group regards responses to customer and social issues, including climate change countermeasures, as business opportunities, and promotes ESG management by incorporating environmental and social values into its 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 ESG risks related to the above-mentioned ESG management material issues. The IHI Group's risk management activities also include ESG risks, which are monitored, supervised, and evaluated by its Board of Directors.

Emerging Risks

Megathrust Earthquakes

Compared to other regions of the world, Japan has a high level of seismic activity. Earthquakes and the ensuing tsunamis are among the most significant risk factors that the IHI Group must closely monitor because many of its major production plants are located in Japan.

The IHI Group has been continuously evaluating the earthquake resistance of its production plants and offices and taking necessary earthquake countermeasures. From fiscal 2023, the Group has identified the Nankai Trough Megathrust Earthquake, which has an increasing probability of occurring in the future, as one of the emerging risks, and has formulated specific risk scenarios and calculated damage estimates and recovery times for each production plant. Additionally, the Group is analyzing production plants with a high risk of long-term production shutdowns in greater depth and evaluating countermeasures while integrating them into its Business Continuity Plans (BCP).

Cyber Security

In recent years, the threat of cyber attacks has had a more significant impact on corporate activities. In order to continue doing business and meeting its social obligations, the IHI Group recognizes that addressing cyber security threats is a critical issue.

The IHI Group has implemented security measures for its information systems and provided security education to employees in response to recent threats.

More recently, the Group has also recognized cyber attacks on its supply chain as a major risk and has begun investigating the status of information security measures at key business partners locations and advising them on countermeasures.

Project Risk Management

▼ Approach ▼ Policy ▼ Governance ▼ Risk Management

Approach

The IHI Group believes that initial planning is important to the success of both large-scale projects and investments that could significantly impact business management. Therefore, the Group manages risk through established screening processes and systems before accepting orders and pursuing investments. In particular, 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, and the Group manages these aspects with careful consideration.

Policy

| Basic Rules for Order Acceptance Screening for Large-Scale Projects

The IHI Group's Basic Rules for Order Acceptance Screening for Large-Scale Projects outlines the basic principles for order acceptance screening, which is conducted to ensure fair decisions on whether or not to accept orders.

| Basic Rules for Investment Review

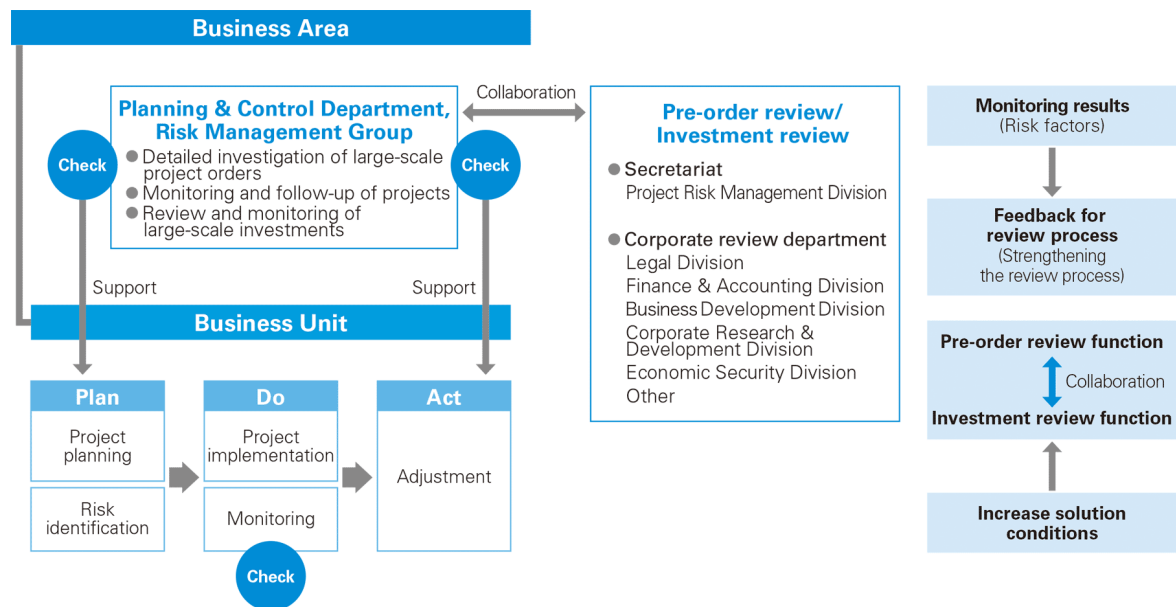
The IHI Group's Basic Rules for Investment Review strengthen the checking and monitoring function across the entire Group and improve the accuracy of planning and risk management in the divisions that propose and carry out investment projects by creating Group-wide guidelines for large-scale investments that could significantly impact management.

Governance

As a pre-order and pre-investment review, we check the appropriateness and risks in the initial plan, verify 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 new issues or risks are handled appropriately in cooperation with the corporate review department and the department in charge of risk management of each business area. Post-order and post-investment monitoring results are regularly reported to the Management Committee and Board of Directors.

Project Risk Management System



Risk Management

In continuation from fiscal 2023, during fiscal 2024 the IHI Group has been especially focused on post-order monitoring, including on-site audit, for large-scale projects by affiliated companies overseas, which are on the rise. By utilizing a mechanism launched in fiscal 2022, the Group is continuously reviewing and monitoring social trends and other factors regarding procurement-related risks, such as increases in prices and disruptions to logistics, that may affect the profits and schedules of large-scale projects.

As it continues to invest in growth and development-focused businesses, in addition to current steps to prevent downward revisions, the IHI Group will gather information from the project formulation stage for highly novel projects, the number of which is likely to increase, to identify risks at an early stage.

The number of downward revisions for large-scale projects is decreasing, indicating a certain degree of success in project risk management. The Group believes that the effects of improving the accuracy of its estimates by strengthening its estimate system as well as enhancing the resource management of key members involved in project execution and other initiatives have become apparent.

The IHI Group is 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 Group.

Project Management Course Participants (total)

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

Item	FY2021	FY2022	FY2023	FY2024
Participants	101	108	76	36

Crisis Management

▼ Approach ▼ Policy ▼ Governance ▼ Risk Management

Approach

The Basic Rules of Crisis Management for IHI Group served as the foundation for the IHI Group Business Continuity Plans (BCP). The crisis management system and reaction protocols for crises like major earthquakes or storm and flood damage are outlined in the IHI Group Business Continuity Plans (BCP).

Policy

| IHI Group Business Continuity Plans (BCP)

The following five fundamental business continuity policies will be put into place by the IHI Group in the event that a wide-area disaster (major earthquake), heavy snow, flood, etc., significantly affects our management resources and causes our business to stop, be interrupted, or is expected to be interrupted.

1. Ensure the lives and safety of IHI Group employees, their families, partners, and visitors first.
2. Preserve company assets such as buildings and machinery and strive to continue business.
3. Strive to quickly restore operations and support the restoration of social infrastructure.
4. Provide as much support as possible to areas where offices and plants are located, such as ensuring the safety of residents and carrying out relief activities.
5. Thoroughly share information regarding advance measures and damage conditions within the IHI Group.

Governance

| Crisis Management Structure

In the event of a situation that could have a serious impact on management or business operations, the Group 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. Under the direction of the CEO, the Group gathers information, reports on crisis levels, and takes appropriate countermeasures.

Risk Management

Disaster Prevention Initiatives

The IHI Group makes preparations for the occurrence of large-scale earthquakes, typhoons, and other wind and flood disasters which have become increasingly severe during recent years by ensuring the safety of its employees, quickly restoring damaged factories, and continuing its business operations. Internal regulations clarify organizational structure and any proceedings to be implemented during normal times and during times of disaster.

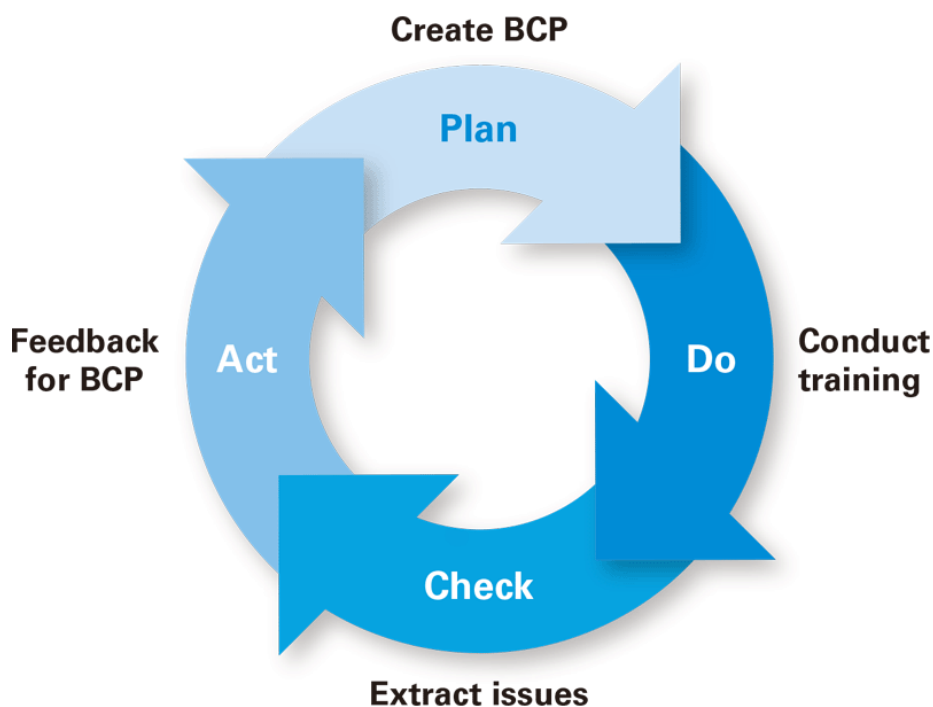
In the event of a large-scale disaster, a system to promptly confirm the safety of employees and their families has been introduced, and safety response drills are regularly conducted.

Each of the IHI Group's business sites and divisions uses Business Continuity Plans (BCP) tailored to their location and outside experts are invited to review and revise these plans on a regular basis through routine training and classroom work to verify their effectiveness. As part of tabletop training, the Group created training scenarios for when power, communications, water and sewage, and other major equipment are rendered unusable based on past disaster response experience, and drills are conducted in order to simulate factory restart 24, 48, and 72 hours following disaster.

Every year the Group conducts Group-wide response training, which the President and other management executives take part in to prepare for severe disasters, used to verify the effectiveness of BCPs from a variety of angles which include assessing the condition of affected business sites and their surrounding customers, arranging relief supplies to aid recovery, and inspecting modes of transportation.

As disasters that occur overseas have different regional characteristics, preparedness activities for them are conducted based on the results of risk assessments.

Continual Revisions to the Business Continuity Plans (BCP)



Innovation Management

Technology Development

▼ Approach ▼ Policy ▼ Governance ▼ Strategy ▼ Initiatives

Approach

As stated as part of the IHI Group's management philosophy "Contribute to the development of society through technology," the IHI Group believes it is the Group's responsibility to keep providing solutions that help solve social issues through its engineering capabilities centering on "Monozukuri" technology. "Monozukuri" technology means the technology used to improve the competitiveness of products and services offered, by strengthening the capabilities required in development, design, supply, manufacture and construction.

The 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.

Policy

IHI Group Technology Development Basic Policy

Based on the following basic approaches, the IHI Group develops technologies by integrating business strategy, intellectual property strategy, and technological strategy.

- Create a system for technology development that can produce results in half the time it would normally take, and continue to foster innovation
- Pursue technology development that stays ahead of social trends and changes
- Improve and maintain the IHI Group's fundamental technologies to the world's highest levels
- Develop human resources with the ability to solve social problems and uncover unidentified issues

Governance

The IHI Group has set up the Research and Development Council to adequately manage and operate its overall R&D activities and maximize the effectiveness of its R&D efforts. The Council is chaired by the Executive Officer in charge of Group Engineering, managed by the Corporate Research and Development Division. The Research and Development Council deliberates over the direction, progress or appropriate budget allocation of research and development (including specific research projects, equipment investment, and investment and financing) for the entire Group. It is the chairperson's role to provide the deliberation results and clarification to the Management Committee or the Board of Directors.

In fiscal 2024, the Group held a total of four councils to discuss the progress and appropriate budget allocation of important research and development regarding growth businesses, development-focus businesses, and conventional businesses. In fiscal 2025 also, the Council is held in the same structure and manner as previously.

Research and Development Structure



Research and Development Council

Chairperson	Executive Officer in charge of Group Engineering
Council members	CEO, Senior Executive Officer, Executive Officers (In charge of Group Engineering, In charge of Group Operations, In charge of Business Relating to Corporate Planning Division, In charge of Group Finance & Accounting), Presidents of Business Areas, General Manager of Strategic Technologies Division, General Manager of Corporate Research and Development Division, General Manager of Business Development Division, General Manager of Intelligent Information Management Division, General Manager of Corporate Planning Division, and General Manager of Finance & Accounting Division
Secretariat	Corporate Research and Development Division
Number of meetings convened in FY2024	4

Strategy

Priorities in Technology Development

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

In fiscal 2024, the Group strengthened the structure of the Corporate Research and Development Division in order to accelerate the transition process from technology development into commercialization. Before the structural change, technology development to explore new technological and business fields had been collectively carried out by the Technology Platform Center, but the development functions toward new product launches were extracted and transferred to the newly-established Integrated Development Center. This organizational division will further promote fundamental technology development and provision of higher added value to products and services in collaboration with business divisions and affiliated companies, allowing technology development to move into commercialization quickly.

Growth Businesses

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

Development-focus Businesses

In the field of clean energy, which is the Group's 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, the Group is proceeding with the development of a 100% ammonia combustion gas turbine along with ammonia combustion technology for large-scale thermal power generation boilers.

Conventional Businesses

Within fields concerning resources, energy & environment, social infrastructure, and industrial systems & general-purpose machinery, which involve the Group's conventional businesses, the Group promotes CO₂ emissions reduction and labor-saving technology as well as automation on the basis of lifecycle business.

Risks

Currently, international conditions and market environment are changing with astonishing speed, and existing businesses and technologies are likely to become obsolete within a short period of time. Under these circumstances, if the Group is unable to quickly provide services and products that solve social issues, there is potential risk of losing its competitiveness. This could have a significant effect on corporate value and financial condition. Moreover, if future predictions turn out to be incorrect, new ideas and developed technologies may not function as predicted in the market or cause unexpected issues.

Opportunities

The IHI Group possesses fundamental technologies, including rotating machinery, combustion, and welding, developed over many years as a specialist in both industrial and social infrastructure. In addition, through the development of new technology, products, services, and business models, it is possible for the Group to create new business chances in response to market changes and to maintain providing new value. Furthermore, the introduction of model-based development, a development method that utilizes simulation technology, can shorten development time and enable developed technologies to be put to practical use sooner, thereby leading to the creation of business opportunities. This gives the IHI Group a major opportunity to strengthen its competitiveness and ensure business sustainability, directly contributing to an increase in corporate value.

Initiatives

Achieving a Carbon-neutral World

Combined application of multiple technologies is essential for the IHI Group to contribute to achieving carbon neutrality by 2050. Consequently, the Group is simultaneously developing a variety of technologies, including fuel substitution into CO₂-free fuels and carbon recycling.

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 from them.

Utilization of Carbon-neutral Fuels

Efforts toward Making Use of Ammonia 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.

In 2023, IHI signed a joint development agreement (JDA) with GE Vernova's Gas Power Business. Going forward, combustion technology concepts will be evaluated for their ability to meet key operational requirements and the impact on the entire power plant.

In 2024, the Group implemented the world's first demonstration testing of ammonia substitution at a commercial level, and achieved large-volume substitution of fuel ammonia (thermal capacity ratio: 20%). In addition, the Group is considering production of green ammonia derived from renewable energy with its overseas partners.

In order to promote the use of ammonia as fuel, the Group believes it necessary to build a value chain from production, transportation and storage to utilization, and for this purpose, established the IHI Corporation x Tohoku University Co-creation Research Center of Ammonia Value Chain for Carbon Neutrality together with Tohoku University. The Center is in the process of exploring issues and finding technological solutions for building this value chain.

Ammonia Production Using Renewable Energy

IHI has been developing a device to produce CO₂-free ammonia using hydrogen derived from renewable energy, and has confirmed that the device can produce ammonia at the target efficiency (ammonia production volume: 1 kg/day). IHI will continue more testing to verify the entire process, with the aim of scaling up the device and its commercialization.

Carbon Recycling

Capturing CO₂ and Converting It into Valuable Products

The IHI Group is developing technologies related to chemical absorption, which captures CO₂ from exhaust gas of business sites, and the direct air capture (DAC) technology, which captures CO₂ directly from the air. The IHI Group is also promoting the development of CCU* technologies, with which the captured CO₂ is converted into valuable products, such as methane used as fuel, lower olefin used as a raw chemical material, and SAF.

The IHI Group's methanation equipment 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.

* Carbon dioxide capture, utilization

Sustainable Aviation Fuel (SAF)

The IHI Group continues to investigate and develop technology toward commercialization of SAF, which will help reduce CO₂ emissions from aero engines.

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

In fiscal 2024, to verify the entire liquid hydrocarbon synthesis process, the Group installed a small-scale production test rig on the ISCE² site that can produce 5 kg of liquid hydrocarbons per day. To ensure the feasibility of the entire process, the Group will continue to gather reactor data and optimize the synthesis plant's operating conditions.

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

Open Innovation

The IHI Group regards collaboration with external partners important. Taking part in the global ecosystem communities, the Group encourages rapid and high-quality innovation through extensive collaboration with universities, research institutes, and customers.

In addition to the above-mentioned collaborations with Tohoku University and the ISCE², the Group implemented new joint research projects with Stanford University SUNCAT and Princeton University in fiscal 2024. Under these collaborations, the development of pioneering technologies is ongoing by taking advantage of the respective strengths.

With the goal of achieving early commercialization through collaboration with external parties, the Ignition Base (commonly known as i-Base), its base for open innovation, provides the Group with opportunities for deep discussions with its customers and helps it create new businesses.

In addition, the Group is seeking new technologies, joint research themes, and partners in Japan and overseas (in North America, Europe, and Asia).

Interfirm Collaboration in the Industrial Robotics Field

In order to accelerate the development of technology related to robot operating system (ROS), the IHI Group has been a participant in the ROS-Industrial Consortium since 2023. The Consortium is an open-source project bringing the advanced capabilities of ROS software to industrial-related hardware and application. The Group and the ROS-Industrial Consortium are in joint development of a fleet control system (maintaining a high level of efficiency in operation and control of multiple robots). The Group is making contributions toward accelerating the social implementation of robots by providing demonstration fields to the Consortium while acquiring knowledge about ROS industrial applications and system development.

Product Innovation

The World's Largest Methanation Equipment

The IHI Group is developing methanation equipment, which is one of CCU equipment to manufacture fuel of e-methane (synthetic methane) through catalytic reaction between CO₂ emitted from plants and other facilities and hydrogen. Consideration is being given toward scaling up the conventional standard model (with a methane production of 12.5 Nm³/h) to a medium-sized model (500 Nm³/h) and even greater models. Taking a look at an example, the Group received a contract in 2022 that it would deliver a methanation unit for a carbon-recycling blast furnace* in the East Japan Works Chiba District of JFE Steel Corporation in 2025. The unit is supposed to recycle 24 metric tons of CO₂ per day from exhaust gas and produce 500 Nm³ of methane per hour.

IHI's methanation equipment currently holds one of the largest manufacturing capabilities in the world. The Group regards this contract as a good opportunity to work on materializing even greater equipment.

* This carbon-recycling blast furnace is under construction in the course of developing low-carbon technologies using external hydrogen and CO₂ contained in blast furnace exhaust gas, based on the "Hydrogen Utilization in Iron and Steelmaking Processes Project, Japan's Green Innovation Fund," the New Energy and Industrial Technology Development Organization (NEDO)'s commissioned and subsidized research and development project JPNP21019.

100% Ammonia Gas Turbine Combustion System

In 2022, IHI successfully demonstrated the world's first CO₂-free power generation using a 2 MW-class gas turbine fueled only by liquid ammonia* and currently aims at putting this technology into practical use in 2026. In 2023, the Company signed a joint development agreement (JDA) with GE Vernova to develop a new gas turbine combustor that is capable to use ammonia for power generation and compatible with GE Vernova's large-scale gas turbines. Combustion testing is being conducted at IHI's facilities in Japan, and aiming to a potential commercially available product by 2030.

* The New Energy and Industrial Technology Development Organization (NEDO)'s commissioned research and development project JPNP21020

Ammonia Combustion Equipment

In 2024, IHI conducted the world's first large-scale demonstration test (thermal capacity ratio: 20%) of ammonia fuel substitution for the large-scale commercial coal-fired power generator at the JERA Hekinan Thermal Power Plant (Hekinan City, Aichi Prefecture)*. In this demonstration test, a 20% substitution of ammonia fuel was achieved, and it was confirmed that sulfur oxides (SOx) were decreased by about 20% and nitrogen oxides (NOx) were the same or less than before the substitution to ammonia fuel (combustion of conventional fuel only). Regarding N₂O, which has a strong greenhouse effect, no emission was confirmed (below the detection limit), and good results were obtained. It was also confirmed that operability was the same as before the substitution to ammonia fuel (combustion of conventional fuel only). Based on the results of the demonstration test, IHI is working to establish high-ratio combustion technologies fueled 50% or more by ammonia in thermal power plants and to develop a 100% ammonia-fueled combustion burner.

* Development of Technologies for Carbon Recycling and Next-Generation Thermal Power Generation / Research, Development, and Demonstration of Technologies for Ammonia Co-Firing Thermal Power Generation, subsidized by the New Energy and Industrial Technology Development Organization (NEDO)

Process Innovation

Business Platform to Link Data throughout Compressor Life Cycle

Using modular designing for its compressor designs, the IHI Group began operating a business platform in 2022 enabling customer information and product data to be linked from sales to after-sales service. This platform enables the Group to quickly prepare the estimates and design drawings just by inputting customer requests and to shorten procurement to production lead times by 30% in modular designed units. Additionally, by linking data to after-sales service, the Group is able to streamline its preparation of its services by 30% and deliver timely proposals to customers based on information obtained on-site, which has contributed to a reduction in customer downtime.

Transforming Manufacturing Processes at Aero Engine Parts Plants

The IHI Group is transforming the manufacturing processes at its aero engine parts plants by digitizing information, accumulating data, and visualizing production status, as well as utilizing AI and automation technologies. Through these efforts, the Group has achieved an 80% reduction in manufacturing lead time for some products. By extending these initiatives to various products, the Group will continue to progress the transformation of its manufacturing processes.

Changes Regarding Research and Development Expenses

(Unit: Billions of yen, Targets: IHI Group)

Item	FY2021	FY2022	FY2023	FY2024
Research and Development Expenses	29.8	34.0	39.3	39.9

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

Research and Development Expenses (Breakdown by Business Area)

(Unit: Billions of yen, Targets: IHI Group)

Item	FY2021	FY2022	FY2023	FY2024
Resources, Energy & Environment	3.2	4.8	6.0	5.3
Social Infrastructure	0.9	1.1	1.1	1.0
Industrial Systems & General-Purpose Machinery	6.9	8.1	9.5	6.0
Aero Engine, Space & Defense	7.1	7.3	8.8	11.2
Others	11.5	12.6	14.0	16.4

Intellectual Property

▼ Approach ▼ Policy ▼ Governance ▼ Strategy ▼ Initiatives

Approach

The IHI Group recognizes intellectual property as one of its key management resources and actively promotes its protection and utilization to achieve sustainable growth in corporate value through businesses that address social issues. Specifically, the Basic Policy on IHI Group Intellectual Property has been established and intellectual property initiatives are developed in alignment with business and technology strategies based on the management policy. Furthermore, the Group continuously works to raise Group employees' awareness of intellectual property as a vital management resource, while striving to conduct intellectual property activities that contribute to business growth and ensure operations that respect and do not infringe upon the intellectual property of others.

Policy

| Basic Policy on IHI Group Intellectual Property

The IHI Group conducts intellectual property activities in alignment with its management policies, business strategies, and technology strategies based on the following basic principles.

- Actively utilize information related to intellectual property to support the formulation of various strategies and facilitate decision-making.
- Utilize intellectual property as a key management resource to drive business initiatives.
- Respect other companies' intellectual property rights and strive to ensure compliance.

Governance

The IHI Group has designated intellectual property managers for each division and affiliated company to oversee the formulation of intellectual property policies and to promote the advancement of business and technology strategies through the utilization of intellectual property.

Strategy

The IHI Group is dedicated to effectively leveraging publicly available intellectual property information and actively develops and promotes various strategies through the utilization of IP landscape*. For example, in the clean energy field, a development-focused business highlighted in its Group Management Policies 2023, the IHI Group is working to establish an ammonia value chain and to develop and promote businesses based on ammonia fuel technology. In these efforts, the Group utilizes IP landscape to gain an objective understanding of the business environment and its own strengths, enabling the development and promotion of its business strategies. The IHI Group also applies IP landscape to formulate technology development strategies and business strategies for its growth businesses and core businesses defined in its Group Management Policies 2023. Furthermore, IP landscape is also employed to assess the company's position in critical technologies that serve as the foundation for the IHI Group's medium- to long-term competitiveness, facilitating the formulation of research and development investment plans.

* IP landscape: A term combining intellectual property (IP) and landscape (scenery, environment, outlook). It refers to the practice of analyzing intellectual property information and utilizing the results to formulate corporate management strategies and make informed decisions. The term is also used to describe corporate management that places an emphasis on intellectual property.

Risks

The IHI Group is committed to reducing and avoiding risks that could impede the sustainable growth of its corporate value, particularly from the perspective of intellectual property. For example, as part of its technology development and business activities, the Group thoroughly monitors and searches for patent applications, including those of other companies, to ensure that it does not infringe upon the intellectual property rights of others. Furthermore, to safeguard the IHI Group's reputation from risks associated with imitations of its products and services, the Group actively protects its trademarks and takes countermeasures against counterfeit products.

Opportunities

The IHI Group, operating on a global scale, takes proactive measures to protect, manage, and utilize its intellectual property, recognizing these actions as vital to the sustainable growth of its corporate value. In particular, fostering and expanding markets requires an environment where superior technologies that deliver value to customers are appropriately evaluated. While protecting its core technologies as intellectual property and strategically retaining them within the company, the IHI Group simultaneously engages in international standardization activities to drive market creation and expansion. For example, the Group has actively collaborated with government agencies, relevant organizations, and companies to advance international standardization for ammonia fuel. As a result, the International Organization for Standardization has published a technical specification for the use of ammonia fuel.

Initiatives

Education/Awareness Building

Intellectual Property Education

The IHI Group provides employees with basic training on intellectual property as well as education on topics such as invention submission, patent searches, copyrights, trademarks, and more. Most of this training is delivered online or via e-learning, enhancing accessibility and fostering self-directed learning. In addition to these programs, the Group seeks to improve intellectual property literacy and raise awareness through various initiatives. These include targeted training for specific divisions or positions, lectures on intellectual property, development programs designed for equipping the next generation talent with the ability to manage intellectual property, business, and technology in an integrated manner, and regular information updates from the Intellectual Property Department.

Intellectual Property Course Participants (Total)

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

Item	FY2021	FY2022	FY2023	FY2024
Intellectual property (overview and basics)	364	156	407	429
Engineering and manufacturing company basics (intellectual property part)	145	450	260	286
Patent search (basic)	6	7	36	41
Submitting invention, reading patent gazettes	31	18	67	34
Copyright	185	10	141	36

Intellectual Property Protection

The IHI Group protects its inventions by securing rights through patent applications and maintaining the confidentiality of its proprietary know-how. When filing patent applications abroad, the Group carefully selects target countries based on forecasts of global business expansion and technological development trends.

Decisions regarding the retention or abandonment of its own rights are made with careful consideration of future competitive environments and cost-effectiveness. Any proprietary know-how is strictly protected under internal regulations and contracts.

Number of Patent Acquisitions

(Unit: Reports, Owner: IHI and affiliated companies in Japan)

Item	FY2021	FY2022	FY2023	FY2024
Number of patent acquisitions	711	608	564	598

Regional Comparison in Number of Patents

(Unit: Reports, Owner: IHI)

Item	FY2021	FY2022	FY2023	FY2024
Domestic patents	4,167	4,119	4,094	4,029
Foreign patents	4,244	4,245	4,078	3,987
United States	843	879	906	930
Europe (excluding Turkey)	1,888	1,894	1,852	1,801
China	667	661	608	581
Korea	134	139	137	92
BRICs (excluding China)	144	124	72	68
Others	568	548	503	515

Information Security

▼ Approach ▼ Policy ▼ Governance ▼ Risk Management ▼ Metrics and Targets

Approach

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. The Group strives to properly manage information while maintaining and improving information security.

Policy

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.

(Training)

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.

Governance

The IHI Group has established an Information Security Promotion Framework, chaired by the Officer in charge of Intelligent Information Management Division as its Chief Information Security Officer. The Information Security Subcommittee operates within the DX Promotion Committee as an organization in charge of promoting the company's information security activities overall. An Information Security General Manager is appointed at each IHI corporate division, Business area, Business Unit, and affiliated company to accelerate activities under this framework. Matters of particular importance regarding operation and management are discussed by the Board of Directors.

Information Security Activity Promotion Framework



Information Security Subcommittee

Chairperson	General Manager of Intelligent Information Management Division
Subcommittee members	Business areas, Business Units, and corporate divisions
Secretariat	Information Security Department
Number of meetings convened in FY2024	3

Risk Management

Information Security Management System

The IHI Group has established a Group-wide information security promotion system, and is prepared to respond quickly under this framework in the event of an information security incident or accident, including a cyber attack. The Information Security Subcommittee, consisting of IHI's corporate divisions, business areas, and Business Units, meets three times a year as a council for promoting information security measures, and plans, implements, and checks information security measures on an annual cycle. Taking into account the internal and external environment, such as an increase in telecommuting and the growing threat of cyber attacks, key measures were set for each fiscal year and implement measures accordingly. In addition, each organization evaluates security risks based on the information assets and business processes they handle, and reflects these in their own organization's countermeasure plans.

In fiscal 2019, the Group built a three-stage auditing framework for information security consisting of three types of audits by its own organizations, corporate divisions, and Internal Audit Division 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 on-site audits, and Internal Audit Division implements audits.

Divisions and affiliated 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.

Establishing the SOC and CSIRT

In order to respond to the growing threat of cyber attacks, the IHI Group has set up a SOC (Security Operation Center) and conducts security monitoring of PCs, servers, and network equipment. Additionally, the Group has established a CSIRT (Computer Security Incident Response Team) and put a framework into place for quickly responding to incidents detected through security monitoring. The Group has also prepared a response procedure manual for ensuring its ability to appropriately respond to cyber security incidents, outlining response procedures such as identifying the scope of breach and taking containment measures. Furthermore, response training assuming a cyber security incident is conducted at least once a year and appropriateness of the procedures is assessed.

Measures to Prevent Information Leakage During Remote Work

Remote work 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, remote work 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 company computers and prohibit business data from being stored on personal IT devices of the individual and/or family.

In addition, as a general rule when performing work outside of the company, the Group has implemented measures to make use of computers that do not store business data, reducing information leakage upon loss or theft of these devices.

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. The Group has adopted antivirus software and other security tools, which are always kept up to date. The services of specialized security firms are being used to investigate public servers, and any vulnerabilities found are fixed.

Evaluation of Information Security Measures

The IHI Group assesses the information security measures of the entire 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 2024 was 3.8 out of 5. The Group will strive to achieve a score of 4, and further continue to improve our level of information security in fiscal 2025.

Employee Education

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

Metrics and Targets

Evaluation of Information Security Measures

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

Item	FY2021	FY2022	FY2023	FY2024
Evaluation (out of 5)	3.7	3.7	3.8	3.8

Rate of Participation in e-Learning Related to Information Security

(Unit: %, Scope: IHI Corporation)

Item	FY2021	FY2022	FY2023	FY2024
Participation rate	96.8	96.9	98.9	99.1

Related Information

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External Evaluations and Initiatives

Third-party Evaluation

Initiatives

ESG Investment Index

ESG investment refers to investment that emphasizes not only financial information but also environmental, social, and governance elements. IHI Group submits to the external evaluations required for ESG investment.

FTSE Blossom Japan Index

IHI has been selected as a constituent brand of the FTSE Blossom Japan Index, which is made up of Japanese companies that demonstrate strong ESG practices. (As of June 2025)

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan>



**FTSE Blossom
Japan Index**

FTSE Blossom Japan Sector Relative Index

IHI has been selected for the FTSE Blossom Japan Sector Relative Index, which is made up of Japanese companies that demonstrate strong ESG practices relatively in each sector. (As of June 2025)

<https://www.lseg.com/en/ftse-russell/indices/blossom-japan>



**FTSE Blossom
Japan Sector
Relative Index**

MSCI Nihonkabu ESG Select Leaders Index

IHI has been selected as a constituent brand of the MSCI Nihonkabu ESG Select Leaders Index. (As of June 2025)

THE INCLUSION OF IHI IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF IHI BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

**2025 CONSTITUENT MSCI NIHONKABU
ESG SELECT LEADERS INDEX**

MSCI Japan ESG Select Leaders Index

IHI has been selected as a constituent brand of the MSCI Japan ESG Select Leaders Index. (As of June 2025)

THE INCLUSION OF IHI IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF IHI BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

**2025 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX**

MSCI Japan Empowering Women Index (WIN)

IHI has been selected as a constituent brand of the MSCI Japan Empowering Women Index (WIN). (As of June 2025)

2025 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)

THE INCLUSION OF IHI IN ANY MSCI INDEX, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT OR PROMOTION OF IHI BY MSCI OR ANY OF ITS AFFILIATES. THE MSCI INDEXES ARE THE EXCLUSIVE PROPERTY OF MSCI. MSCI AND THE MSCI INDEX NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI OR ITS AFFILIATES.

S&P/JPX Carbon Efficient Index

IHI has been selected for the S&P/JPX Carbon Efficient Index, which chooses brands based on the level of environmental information disclosure and carbon efficiency (carbon emissions per unit of revenue). (As of September 2024)



Morningstar Japan ex-REIT Gender Diversity Tilt Index

IHI has been selected for the Morningstar Japan ex-REIT Gender Diversity Tilt Index, which are designed to emphasize the stocks of companies that have strong gender diversity policies embedded in their corporate culture and that ensure equal opportunities to employees, irrespective of their gender. (As of December 2024)

ESG Activity

We would like to showcase the external evaluations of IHI Group's ESG activities.

MSCI

In 2025, IHI received a rating of A in the MSCI ESG Ratings assessment.

THE USE BY IHI OF ANY MSCI ESG RESEARCH LLC OR ITS AFFILIATES ("MSCI") DATA, AND THE USE OF MSCI LOGOS, TRADEMARKS, SERVICE MARKS OR INDEX NAMES HEREIN, DO NOT CONSTITUTE A SPONSORSHIP, ENDORSEMENT, RECOMMENDATION, OR PROMOTION OF IHI BY MSCI. MSCI SERVICES AND DATA ARE THE PROPERTY OF MSCI OR ITS INFORMATION PROVIDERS, AND ARE PROVIDED 'AS-IS' AND WITHOUT WARRANTY. MSCI NAMES AND LOGOS ARE TRADEMARKS OR SERVICE MARKS OF MSCI.



CDP

IHI Group's CDP2024 evaluation was B (Management Level) for "Climate Change" and C (Awareness Level) for "Water Security".



EcoVadis

The IHI Group received the Committed Badge in EcoVadis' comprehensive sustainability assessment in four areas: environment, labor and human rights, ethics, and sustainable procurement.



Health & Productivity Companies 2025

The IHI Group's 25 companies* have been selected as Health & Productivity Companies 2025, which is jointly awarded by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi to recognize companies with particularly excellent health and productivity management practices.

* IHI Corporation, IHI Scube Co., Ltd., IHI Plant Services Corporation, IHI Jet Service Co., Ltd., NICO Precision Co., Inc., IHI Infrastructure Systems Co., LTD., IHI AEROSPACE CO., LTD., IHI Finance Support Corporation, IHI CASTINGS CO., LTD., Takashima Giken Co., LTD., IHI Rotating Machinery Engineering Co., Ltd., IHI Logistics & Machinery Corporation, IHI Turbo Co., Ltd., IHI Construction Service Co., Ltd., Japan Marine United Corporation, IHI Business Support Corporation, IHI Agri-Tech Corporation, PAUL WURTH IHI CO., LTD., CENTRAL CONVEYOR COMPANY, LTD., IHI Transport Machinery Co., Ltd., IHI Fuso Engineering Co., Ltd., Voith IHI Paper Technology Co., Ltd., IHI AEROSPACE ENGINEERING CO., LTD., IHI Machinery and Furnace Co., Ltd., IHI TRADING, INC.



PRIDE Index 2024

IHI received the highest rating of Gold for the seventh consecutive year in the PRIDE Index 2024 developed by work with Pride, an association that aims to create a workplace that is friendly to LGBTQ+ people



Resilience Certification

IHI received the Resilience Certification from the Association for Resilience Japan, which targets companies that proactively work to ensure their business continuity to build national resilience, and has been renewing this certification since 2016.



NIKKEI Sustainable Management Survey, SDGs Edition

IHI received 3 stars in the NIKKEI Sustainable Management Survey, SDGs Edition, which comprehensively evaluates companies' SDGs management on a 5-point scale, targeting listed companies and leading unlisted companies.



NIKKEI Sustainable Management Survey, Smart Work Edition

IHI received 4.5 stars in the NIKKEI Sustainable Management Survey, Smart Work Edition, which evaluates companies based on three factors: human resource utilization, human resource investment, and technology utilization on a 5-point scale, targeting listed companies and leading unlisted companies.



External Evaluations and Initiatives

Third-party Evaluation

Initiatives

Task Force on Climate-related Financial Disclosures (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.



[TCFD Initiatives >](#)

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.



IHI Endorses Ministry of Economy, Trade and Industry's GX League

May 15, 2023, saw the IHI Group endorse the GX League initiative of Japan's Ministry of Economy, Trade and Industry. Japan's Ministry of Economy, Trade and Industry this forum for companies pursuing sustainable growth through Green Transformation initiatives to collaborate with government, academia, and business entities undertaking similar efforts to cut greenhouse gas emissions and boost industrial competitiveness. The Group will make its businesses carbon neutral through the GX League.



Performance Data

Environment – Reduce Environmental Impact –

Climate change

GHG

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
GHG emissions (Scope 1 + Scope 2) (t-CO₂e)*¹	IHI and consolidated subsidiaries	220,138	215,753	211,970	197,274
Scope 1 (t-CO₂e)	IHI and consolidated subsidiaries	64,270	61,469	65,033	57,951
Scope 2 (market-based) (t-CO₂)	IHI and consolidated subsidiaries	155,868	154,284	146,937	139,322
GHG emissions intensity (t-CO₂e/100 million yen)*²	IHI and consolidated subsidiaries	18.8	15.9	16.0	12.1
GHG Emissions (Scope 3) (t-CO₂e)		177,593,000	184,475,000	403,575,000	357,089,456
Category 1 Purchased goods and services	IHI and consolidated subsidiaries	4,197,000	4,665,000	5,130,000	5,455,000
Category 2 Capital goods	IHI and consolidated subsidiaries	145,000	205,000	239,000	326,000
Category 3 Fuel and energy-related activities not included in Scope 1 or Scope 2	Domestic consumption of electric power and city gas only	13,000	13,000	13,000	13,000
Category 4 Upstream transportation and delivery	IHI and some domestic consolidated subsidiaries* ³	1,000	1,000	1,000	5,000
Category 5 Waste generated in operations	IHI and consolidated subsidiaries	8,000	8,000	9,000	9,000
Category 6 Business travel	IHI and consolidated subsidiaries	14,000	14,000	14,000	14,000
Category 7 Employee commuting	IHI and consolidated subsidiaries	4,000	4,000	4,000	4,000
Category 8 Upstream leased assets	—	—	—	—	—
Category 9 Downstream transportation and distribution	—	—	—	—	—
Category 10 Processing of sold products	—	—	—	—	—

	Category 11 Use of sold products	IHI and consolidated subsidiaries	173,211,000	179,565,000	398,165,000	351,263,456
	Category 12 End-of-life treatment of sold products	—	—	—	—	—
	Category 13 Downstream leased assets	—	—	—	—	—
	Category 14 Franchises	—	—	—	—	—
	Category 15 Investments	—	—	—	—	—

Energy

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Energy consumption (TJ)* ¹	IHI and consolidated subsidiaries	2,348	2,294	2,322	2,218
Fuel consumption (TJ)	IHI and consolidated subsidiaries	1,084	1,019	1,070	993
Electricity consumption (TJ)	IHI and consolidated subsidiaries	1,229	1,230	1,184	1,146
Heat consumption (TJ)	IHI and consolidated subsidiaries	5	0	0	0
Renewable energy used (TJ)	IHI and consolidated subsidiaries	31	45	69	79
Energy consumption intensity (TJ/10 billion yen)* ²	IHI and consolidated subsidiaries	20.0	17.0	17.6	13.6

External evaluation

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Evaluation of CDP climate change	IHI and consolidated subsidiaries	B- (Management)	B (Management)	B (Management)	B (Management)

Conservation of the global environment

Compliance with environmental laws and regulations

Index		Scope of Data	Results			
			FY2021	FY2022	FY2023	FY2024
Environmental accidents and violation of environmental laws/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
Ozone depleting substances (ODS) emissions (t-CO ₂ e)	HFCs	IHI and affiliated companies in Japan	—	469	281	443
Volatile organic compounds (VOC) emissions (tons)	Toluene	IHI and affiliated companies in Japan	39	48	48	52
	Xylene	IHI and affiliated companies in Japan	29	59	50	49
	Ethylbenzene	IHI and affiliated companies in Japan	6	37	39	40
	Methyl isobutyl ketone	IHI and affiliated companies in Japan	0	0	4	6
	Tetrachloroethylene	IHI and affiliated companies in Japan	2	2	2	2
Chemical substance emissions/substances transferred (tons)	Emissions (atmosphere, public bodies of water, soil)	IHI and affiliated companies in Japan	—	152	150	161
	Transferred amount (sewage/waste)	IHI and affiliated companies in Japan	—	85	93	63
Ratio of treated toxic waste (waste containing PCBs) (%)	Electrical equipment containing high-concentration PCBs	IHI and affiliated companies in Japan	99.9	100	100	100
	Electrical equipment containing low-concentration PCBs	IHI and affiliated companies in Japan	94.0	97.5	94.9	91.3
	Electrical ballasts	IHI and affiliated companies in Japan	58.8	69.5	83.7	99.7

Costs to reduce the IHI environmental impact

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Investments (millions of yen)	IHI plants and offices	357	563	1,048	1,377
Expenditures (millions of yen)	IHI plants and offices	92	151	365	778

Environment-related capital investments

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Energy-saving/climate change measures (millions of yen)	IHI plants and offices	61	127	517	872
Environmental risk measures (millions of yen)	IHI plants and offices	285	432	532	505
PCB measures (millions of yen)	IHI plants and offices	10	3	—	—

Circular economy

Waste

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Waste emissions (tons)	IHI and consolidated subsidiaries	23,633	23,044	25,410	21,942
Of which, toxic waste emissions (tons)	IHI and consolidated subsidiaries	255	156	128	150
Amount of valuable materials (recycled) (tons)	IHI and consolidated subsidiaries	16,164	17,869	15,219	16,310

Water

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Water withdrawal (1,000 m³)*¹	IHI and consolidated subsidiaries	4,195	4,037	5,844	4,662
Public water (1,000 m³)	IHI and consolidated subsidiaries	664	670	2,326	728
Industrial water (1,000 m³)	IHI and consolidated subsidiaries	792	737	738	704
Groundwater (1,000 m³)	IHI and consolidated subsidiaries	1,691	1,451	1,506	1,472
Rainwater, rivers, lakes, etc. (1,000 m³)	IHI and consolidated subsidiaries	1,047	1,180	1,274	1,758
Waste water (1,000 m³)	IHI and consolidated subsidiaries	3,265	3,181	4,856	3,746

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

*2 The denominator of the intensity is net sales revenue.

*3 From FY2024, the scope of calculation has changed from IHI Corporation to IHI and some domestic consolidated subsidiaries.

Performance Data

Society – Materialize an Affluent Society –

Diversity, equity, and inclusion

Number of employees

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Consolidated number of employees	IHI and consolidated subsidiaries	28,801	28,486	28,237	27,990
Number of employees (IHI)	IHI	7,779	7,768	7,840	7,911
Male	IHI	6,727	6,695	6,753	6,773
Female	IHI	1,052	1,073	1,087	1,138
Ratio of female employees (%)	IHI	13.5	13.8	13.9	14.4

Average years of service

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
All employees	IHI	16.1	16.5	16.6	16.1
Male	IHI	16.2	16.6	16.7	16.2
Female	IHI	15.4	15.8	16.0	15.4

Turnover rate

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Total turnover rate (%)	IHI	3.1	2.7	2.8	2.7
Rate of retirement due to personal reasons (%)	IHI	1.6	1.5	1.5	1.5
Turnover rate within 3 years of joining the company (%)	IHI	3.4	5.5	5.3	4.6

Employment*

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Number of new graduate recruitments	IHI and affiliated companies in Japan	109	98	358	384
Male	IHI and affiliated companies in Japan	87	84	302	320
Female	IHI and affiliated companies in Japan	22	14	56	64
Ratio of female employees (%)	IHI and affiliated companies in Japan	20.2	14.3	15.6	16.7
Number of mid-career hires	IHI and affiliated companies in Japan	85	98	327	468

* From FY2023, the scope of calculation has changed from IHI Corporation to IHI and affiliated companies in Japan.

Engagement

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Employee engagement index (out of 100)	IHI and affiliated companies	54	53	54	55
Ratio of answered employee-awareness surveys (%)	IHI and affiliated companies	88	84	83	85
Employee union membership rate (%)	IHI and affiliated companies in Japan	59	60	62	63
Number of labor complaints received	IHI	0	0	0	0

Human resources development

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Number of employees undergoing regular career development reviews	IHI and affiliated companies in Japan	—	15,327	14,939	14,455
Male	IHI and affiliated companies in Japan	—	13,024	12,605	12,191
Female	IHI and affiliated companies in Japan	—	2,303	2,334	2,264
Average annual training hours per employee	IHI and affiliated companies in Japan	12.1	14.3	34.9	23.4
Training expense per employee (yen)	IHI and affiliated companies in Japan	—	23,512	40,380	40,432

Diversity, Equity, and Inclusion

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Number of officers^{*1}	IHI	17	17	17	17
Number of male officers	IHI	14	14	14	12
Number of female officers	IHI	3	3	3	5
Ratio of female officers (%)	IHI	18	18	18	29
Number of managers^{*2}	IHI	2,763	2,643	2,707	2,622
Number of male managers	IHI	2,656	2,519	2,563	2,469
Number of female managers	IHI	107	124	144	153
Number of female general managers	IHI	31	38	39	42
Number of female section managers	IHI	76	86	105	111
Ratio of female managers (%)^{*2}	IHI	3.9	4.7	5.3	5.8
Ratio of female general managers (%)	IHI	2.8	3.6	3.7	4.1
Ratio of female section managers (%)	IHI	4.6	5.4	6.4	6.9
Number of employees from abroad^{*2}	IHI	74	66	59	36
Recruitment ratio of people with disabilities (%)^{*3}	IHI	2.39	2.55	2.62	2.58
Re-employment rate of employees at retirement age (%)	IHI	78	100	81	78

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

*2 As of April 1 each year.

*3 As of June 1 each year.

Work-life balance

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Employees with reduced work hours	IHI	158	140	141	167
Employees who have taken childcare leave	IHI	935	1,010	995	1,212
Employees who have taken parental leave	IHI	128	198	185	233
Male	IHI	60	78	89	142
Female	IHI	68	120	96	91
Percentage of employees who return to work after parental leave (%)	IHI	100	99.6	98.3	100
Employees who have taken nursing care leave	IHI	6	3	10	13
Average annual paid vacation days taken	IHI	17	19	20	20
Monthly average overtime (hours)	IHI	18.9	21.6	21.9	21.3
Annual work hours	IHI	1,948.3	1,984.5	1,972.7	1,966.5

Improving occupational health and safety standards

Occupational health and safety

Index		Scope of Data	Results			
			FY2021	FY2022	FY2023	FY2024
Participation rate of medical check-ups (%)		IHI and consolidated subsidiaries in Japan	97	96	98	98
Rate of diagnoses made as a result of medical checkups (%)		IHI and consolidated subsidiaries in Japan	71	72	72	73
Participation rate of stress checks (%)		IHI and consolidated subsidiaries in Japan	95	97	96	97
High stress rate (%)		IHI and consolidated subsidiaries in Japan	9	9	10	7
Absenteeism (Ratio of employees who take three or more months of leave) (%)		IHI and consolidated subsidiaries in Japan	0.7	1.3	1.4	1.4
Presenteeism (Ratio of employees with restricted hours) (%)		IHI and consolidated subsidiaries in Japan	1.8	1.7	2.3	1.9
Smoking rate (%)		IHI and consolidated subsidiaries in Japan	28	25	25	25
Rate of occupational diseases* ¹		IHI and consolidated subsidiaries in Japan	0.118	0.098	0.098	0.098
Deaths due to occupational diseases or illnesses		IHI and consolidated subsidiaries in Japan	0	0	0	0
Total injuries frequency rate* ²		IHI and consolidated subsidiaries in Japan	1.23	1.37	1.33	1.50
Lost time injuries frequency rate* ³		IHI and consolidated subsidiaries in Japan	0.38	0.39	0.34	0.42
Occupational health and safety rate	Works Divisions	IHI and consolidated subsidiaries in Japan	0.95	0.89	0.95	1.21
	Construction Divisions	IHI and consolidated subsidiaries in Japan	1.75	2.30	2.10	2.13
Occupational accidents* ⁴		IHI and consolidated subsidiaries in Japan	52 (1)	56 (0)	54 (0)	66 (1)
Employees		IHI and consolidated subsidiaries in Japan	31 (1)	25 (0)	26 (0)	39 (1)
Temporary employees		IHI and consolidated subsidiaries in Japan	3 (0)	4 (0)	2 (0)	8 (0)
Partners		IHI and consolidated subsidiaries in Japan	18 (0)	27 (0)	26 (0)	19 (0)
Number of administrative penalties due to Labor Standards Act violations		IHI and affiliated companies in Japan	0	0	0	0

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

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

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

*4 Fatalities caused by occupational accidents. Figure inside parentheses indicates fatal incidents.

Corporate citizenship

Social contribution activities

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Social contribution expenses (millions of yen)	IHI and consolidated subsidiaries	260	489	532	483

Performance Data

Governance – Principled Corporate Management –

Corporate governance

Corporate governance

Index		Scope of Data	Results			
			FY2021	FY2022	FY2023	FY2024
Average attendance of Independent Directors	Board of Directors meetings (%)	IHI	100	99	97	100
Average attendance of Independent Audit & Supervisory Board Members	Board of Directors meetings (%)	IHI	98	98	100	94
	Audit & Supervisory Board meetings (%)	IHI	100	100	100	100

Compliance

Legal compliance

Index		Scope of Data	Results			
			FY2021	FY2022	FY2023	FY2024
Number of law violations	Competition law	IHI and consolidated subsidiaries	0	0	0	1
	Anti-corruption law	IHI and consolidated subsidiaries	0	0	0	0
	Laws/regulations relating to PR activities	IHI and consolidated subsidiaries	0	0	0	0
Expenditure	Lobbying, interest groups (millions of yen)	IHI	0	0	0	0
	Political organizations (millions of yen)* ¹	IHI	10	10	10	10
	Economic and industry organizations (millions of yen)* ²	IHI	171	177	178	208
	Other (such as expenditure related to ballot measures or referendums) (millions of yen)	IHI	0	0	0	0
Number of Compliance Hotline Reports		IHI and affiliated companies	263	286	314	246
Of which, the number of compliance violations recognized		IHI and affiliated companies	—	—	—	9
Number of compliance training participants* ³	Quality & Compliance Training (Japan)	IHI and subsidiary companies in Japan	26,243	25,870	25,379	26,566
	Quality & Compliance Training (overseas)	Subsidiary companies overseas	4,938	5,334	5,072	5,923
Number of competition law/anti-corruption law training participants (Total)		IHI and consolidated subsidiaries	1,871	2,007	51,222	47,246
Competition law (Total)		IHI and consolidated subsidiaries	—	622	26,148	24,016
Anti-corruption law (Total)		IHI and consolidated subsidiaries	—	1,385	25,074	23,230

*¹ The recipient of the expenditure is the People's Political Association.

*² The main recipients of expenditure to economic and industry organizations are the Society of Japanese Aerospace Companies, Japan Business Federation (Keidanren), and the Japan Bridge Association.

*³ Participants include officers, employees, temporary employees, re-hired employees, advisors and contract employees, part-time employees, and fixed-term employees.

Innovation management

Technology development

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Research and development expenses (billions of yen)*	IHI Group	29.8	34.0	39.3	39.9

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

Intellectual property protection

Index		Scope of Data	Results			
			FY2021	FY2022	FY2023	FY2024
Regional comparison in number of patents	Domestic patents	IHI	4,167	4,119	4,094	4,029
	Foreign patents	IHI	4,244	4,245	4,078	3,987

Information security

Information security measures

Index	Scope of Data	Results			
		FY2021	FY2022	FY2023	FY2024
Evaluation of information security measures (out of 5) (score)	IHI and consolidated subsidiaries	3.7	3.7	3.8	3.8

Third-party Verification

Environment

For environment-related data, such as CO₂ emissions and energy consumption at factories and business sites, the IHI Group has undergone verification by the Japan Quality Assurance Organization.



No.1811005034

Environmental Information Independent Verification Report

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 "FY2024 IHI Group Environmental Data" and "Scope 3 Category 11 Summary" (hereafter, "the Reports"). 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, renewable energy consumption, total water withdrawal, total water discharge, waste discharge and amount of valuable (recycled) materials (hereafter, "the Environmental Information") in the Reports was correctly measured and calculated, in accordance with the "FY2024* IHI Group Environmental Information Collection and Calculation Rule" and "IHI Group Scope 3 Emissions Calculation Method" (hereafter, "the Rules"). The purpose of the verification is to evaluate the Reports objectively and to enhance the credibility of the Environmental Information.

*The fiscal year 2024 of the Company ended on March 31, 2025.

2. Procedures Performed

JQA conducted verification in accordance with "ISO 14064-3" for GHG emissions, and with "TSAE3000" for energy consumption, renewable energy consumption, total water withdrawal, total water discharge, waste discharge and amount of valuable (recycled) materials. The organizational boundaries of this verification include sixty domestic sites and eleven overseas sites of the IHI Group. The scope of this verification assignment covers Scope 1 (7 gases) and Scope 2 (Market-based) GHG emissions, energy consumption, renewable energy consumption, total water withdrawal (water supply, industrial water, groundwater, rainwater, river water, lake water, etc., seawater), total water discharge (sewers, rivers, lakes and wetlands, seawater or semi-saline water, underground seepage), general waste discharge, industrial waste discharge, hazardous waste discharge and amount of valuable (recycled) materials for domestic sites, Scope 1 (CO₂) and Scope 2 (Country location-based) GHG emissions, energy consumption, renewable energy consumption, total water withdrawal (city water, groundwater, rainwater, river water, lake water, etc., seawater), total water discharge (sewers, rivers, lakes and wetlands, seawater or semi-saline water, underground seepage), waste discharge and amount of valuable (recycled) materials for overseas sites. The organizational boundaries of Scope 3 include the Company and its 140 consolidated companies (141 companies in total), and the verification scope of Scope 3 is GHG emissions under Category 11. The verification was conducted to a limited level of assurance and quantitative materiality was set at 5 percent for each of the verification objects in the Reports.

Our verification procedures include:

- Confirming the Rules and overall control prior to the on-site assessment.
- Conducting on-site verification at the Company's three domestic sites: IHI Rotating Machinery Engineering Co., Ltd. Tatsuno Factory, IHI Aero Manufacturing Co., Ltd. Head Office Factory, IHI Power Systems Co., Ltd. Ota Plant. The sampling sites for on-site assessment was selected by the Company.
- On-site assessment to check the Reports' scope and boundaries; monitoring points of energy consumption, renewable energy consumption, water withdrawal and discharge; GHG emission sources; waste discharge; amount of valuable (recycled) materials; and monitoring and calculation system. Cross-checking the activity data against evidence.
- For Scope 3, checking calculation scenario and allocation method, monitoring and calculation system, and cross-checking the emission 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 Reports is not materially correct or has not been prepared in accordance with the Rules.

4. Considerations

The Company was responsible for preparing the Reports, and JQA's responsibility was to conduct verification of the Environmental Information in the Reports only. There is no conflict of interest between the Company and JQA.

Sumio Asada, Executive Board Director
For and on behalf of Japan Quality Assurance Organization
1-25, Kandasudacho, Chiyoda-ku, Tokyo, Japan
July 25, 2025