IHI Sustainability Data Book 2026

IHI Corporation

IHI

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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 2025* (April 1, 2025 to March 31, 2026)
However, the report includes some information from fiscal 2024 and earlier in addition to forecasts of fiscal 2026 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 October 2026
(Previous update September 2025, next update scheduled for August 2027)
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)

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.

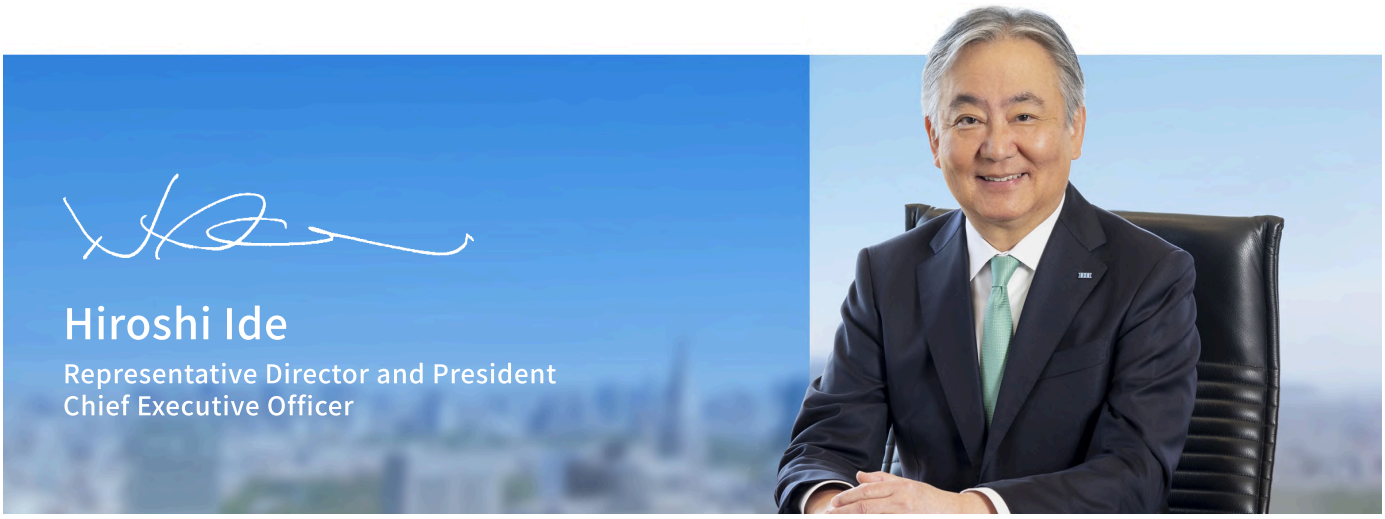
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<tr><td>Financial</td><td>Annual Securities Report</td><td>Website “Investor Relations”
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</table>

IHI Integrated Report >
IHI Sustainability Data Book >
Sustainability >
Investor Relations >
Annual Securities Report, etc. >
Corporate Governance Report >

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Management Message



Since its founding, the IHI Group has addressed societal challenges through its business activities, guided by its management philosophies: “Contribute to the development of society through technology” and “Human resources are our single most valuable asset.” Our continued efforts to create value together with society form the very foundation of our approach to sustainability.

We have defined our desired state in 2040 as “Supporting the safety, security, and prosperity of people worldwide at its core.” As a company that supports the foundations of society and national strength, the IHI Group is committed to fulfilling this responsibility. In an era where instability has become the norm, it is essential that the fundamental systems supporting society and industry—such as energy, infrastructure, and industrial foundations—remain resilient. With this recognition, we view it as a core management mission to support the conditions that enable society and nations to function sustainably, without being swayed by short-term changes.

To realize our desired state in 2040, the IHI Group will address fundamental societal challenges like carbon neutrality and the strengthening of infrastructure resilience through its business activities. To this end, we will deliver value to society across the entire lifecycle, starting from our technological strengths, while building new value chains through collaboration with partners to achieve sustained value creation.

We regard the very act of addressing societal challenges as a source of competitiveness and a driver of sustainable growth. This way of thinking lies at the core of the IHI Group’s approach to sustainability. By directly engaging with societal expectations and needs, and reflecting those voices in our management, we will continue to advance our value creation.

Technology and human capital form the foundation of the IHI Group’s value creation. Each individual will continue to refine their expertise and take on challenges, while those challenges are supported and encouraged across the organization. We believe this cycle of challenge and support is what enables us to continue underpinning the foundations of society and national strength.

Going forward, we will continue to engage in dialogue with a wide range of stakeholders, sincerely listening to expectations, concerns, and candid feedback, and incorporating them into our management. As a united IHI Group, we will take on the challenge of achieving a significant leap forward toward our desired state in 2040.

IHI Group Sustainability Management

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Material Issues

Materiality Assessment Process
IHI Group Sustainability Issues
IHI Group Material Issues
Targets and Results Regarding Material Issues

The IHI Group defines material issues as the key management issues it must prioritize to contribute to a sustainable society and achieve sustainable corporate growth.

In Project Change, formulated in 2020, the Group articulated its vision for the near future as “Create a world where nature and technology work in unity,” thereby clarifying the social issues it should address and the value it can provide. The Group then selected the IHI Group Sustainability Issues by considering what matters most in achieving decarbonization, preventing and mitigating disasters, and enhancing quality of life.

Subsequently, in “IHI Group ESG Management,” announced in November 2021, the Group identified the following as material issues requiring priority attention: addressing climate change, respecting the human rights of people connected to its businesses, enabling diverse talent to thrive as a driving force for value creation, and earning the trust of stakeholders through management grounded in integrity.

Materiality Assessment Process

The IHI Group identified its material issues through the following process with the aim of contributing to a sustainable society and achieving sustainable growth.

Identifying Material Issues Based on the Desired Future State

STEP1
Identification of Potential Issues

We identified a broad range of sustainability issues, taking into account trends in Japan and overseas.

STEP2
Selection of IHI Group Sustainability Issues

We assessed the issues identified in STEP1 in terms of their relevance to our businesses and alignment with our management policies, and then selected 16 of them as IHI Group Sustainability Issues.

STEP3
Identification of IHI Group Material Issues

Of the 16 IHI Group Sustainability Issues, we identified four priority issues as IHI Group Material Issues.

IHI Group Sustainability Issues

Environment

—Reduce Environmental Impact—

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

—Relevant 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

—Relevant SDGs—



Governance

—Corporate Management—

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

—Relevant SDGs—



IHI Group Material Issues



Climate Change



Human Rights / Diversity, Equity, and Inclusion



Securing and Maintaining Stakeholder Trust

Targets and Results Regarding Material Issues

Click the image to open the PDF file.

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Targets and Results Regarding Material Issues

Environment

Material Issues	Vision	Metrics and Targets	Main Results for FY2025
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-CO_2e compared to FY2022 • FY2025: Reduce energy consumption intensity by 3% compared to FY2022	• GHG emissions (Scope 1, 2): 158,073 t-CO_2e, reduced by 57,680 t-CO_2e (compared to FY2022) • Energy consumption intensity: 13.3 TJ/10 billion JPY, reduced by 21.5% (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: 20,254 t, reduced by 12.1% (compared to FY2022) • Water withdrawal: 4,289 thousand m^3, increased by 6.3% (compared to FY2022) • Definition of a new management indicator to replace the recycling rate completed

Society

Material Issues	Vision	Metrics and Targets	Main Results for FY2025
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 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: 6.1% • Ratio of female hires (university graduates): 17.5% • Employment rate of people with disabilities: 2.64% • Employee engagement: 59 points (improved by 4 points compared to FY2024)
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	• FY2025: 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): 50 • Occupational health and safety rate: 0.55 (works divisions), 2.80 (construction divisions)
Human rights	• Proactively fulfill the responsibility toward respecting human rights for all people	—	• Conducted follow-up assessments at 9 sites to review the status of measures implemented at IHI Group sites worldwide from FY2022 through 2024
Supply chain management	• Build sustainable supply chains	—	• Selected 510 important first-tier business partners (covering 41.1% of the total procurement amount among 8,970 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: 547 million JPY (64 million JPY increase 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: 80.3% (49 out of 61 target locations)

Governance

Material Issues		Vision	Main Results for FY2025
Securing and maintaining stakeholder trust	Corporate governance	• To earn the trust and support of the IHI Group's shareholders over the long term	• Ratio of Independent Directors: 50%
	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: 242 (including 6 compliance violations) • Competition law violations: 0 • 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	• Continued risk management activities in accordance with the Key Policies for Risk Management in FY2025
	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: 39.6 billion JPY • Patent acquisitions: 505 • Patents held: 8,154 (4,097 in Japan, 4,057 overseas)
	Information security	• Ensure the confidentiality of customer and business partner information, along with company management and technical information, etc.	• Information security measures evaluation: 4 (out of 5)
	Timely and proper disclosure	• Honestly fulfill accountability for management direction and major operations	• Dialogue conducted with investors: 625 companies (231 Japanese investors, 394 overseas investors)

Revision of Material Issues (FY2026)

IHI Group Material Issues
Materiality Assessment Process
Targets and Performance of Material Issues

In fiscal 2026, the IHI Group revised its material issues. Through this revision, the Group identified the key management issues it should address to realize its desired state for 2040, as set forth in its Medium-to-Longer-Term Direction announced in May 2026: “Supporting the safety, security, and prosperity of people worldwide at its core.”

In revising its material issues, the Group applied a double materiality approach and identified the sustainability matters that are material to the Group from two perspectives: the impact of the IHI Group’s business activities on the environment and society, and the impact of sustainability-related risks and opportunities for the IHI Group’s business activities. Based on these sustainability matters, the Group designated the key management issues the Group should address to realize its desired state in 2040 as its material issues.

IHI Group Material Issues

Material issue	Rationale for the selection
Realizing a Safe and Secure Society	Amid rapid changes in the global environment and increasing geopolitical complexity, demand for resilient social infrastructure is growing worldwide. Looking toward 2040, the IHI Group will leverage the advanced technological capabilities it has cultivated since its founding to contribute to the economic, national, and energy security of countries around the world across fields such as aerospace, energy, and infrastructure. In doing so, the IHI Group will underpin the safety, security, and prosperity of people worldwide and strive to realize its desired state.
Addressing Climate Change	The IHI Group has continuously advanced its climate-related initiatives, recognizing that climate change is a key issue that significantly affects the environment, society, and the economy, and consequently has a major impact on corporate sustainability. The Group positions the provision of social and industrial infrastructure that contributes to climate change mitigation and adaptation as a driver of its sustainable growth. By contributing to the realization of a carbon-neutral society and to adapting to societal changes resulting from climate change, the IHI Group will underpin the safety, security, and prosperity of people worldwide and strive to realize its desired state.
Building a Sustainable Value Chain	Collaboration with a wide range of stakeholders is essential for the IHI Group to realize its desired state. Such collaboration will build a sustainable value chain that generates social and environmental value while driving corporate growth. This not only creates new markets that enhance the Group’s competitiveness but also contributes to society by realizing a safe and secure society and addressing climate change. Through these efforts, the IHI Group will continue to create value for society.
Creating Innovation	Technology and talent, which lie at the core of the IHI Group’s Management Philosophy, drive value creation aimed at realizing its desired state. Continuous innovation is essential for the IHI Group to achieve sustainable growth. To this end, it is crucial that the Group focuses resources through technology management on key technologies that drive competitive advantage, and builds exceptional technical strength. By strengthening its capability for value creation through innovation, the IHI Group will strive for sustainable growth.
Collaboration with Diverse Talent	Technology and talent, which lie at the core of the IHI Group’s Management Philosophy, drive value creation aimed at realizing its desired state. Sustainable growth depends on collaboration among diverse talent. To enable this, the IHI Group must secure the necessary talent and foster a culture that encourages continuous challenge and mutual support. By enabling diverse talent, both within and outside the Group, to collaborate and fully leverage their capabilities, the IHI Group will strive for sustainable growth.
Securing and Maintaining Stakeholder Trust	To realize its desired state, the IHI Group must place rigorous compliance at the core of its operations and continue to live up to the trust placed in it by stakeholders. Compliance underpins all business activities and must take precedence over profit and efficiency. Even as the social and business environment grows increasingly complex, the importance of continuing to act with integrity as a company remains unchanged. The IHI Group will work to secure and maintain stakeholder trust by ensuring rigorous compliance, continuously strengthening risk management and governance, and fostering an organizational culture in which every individual can choose the right course of action.

Materiality Assessment Process

STEP 1: Identification of Matters

The IHI Group identified sustainability matters relevant to the Group by referring to international sustainability standards and guidelines, including the SASB Standards.

STEP 2: Assessment of Matters

The IHI Group identified Group-wide impacts, risks, and opportunities associated with the sustainability matters identified in STEP 1 and assessed the significance of each item by having relevant internal divisions score them. The assessment was conducted from two perspectives: the impact of the Group's business activities on the environment and society (external impact assessment), and the impact of sustainability-related risks and opportunities on the Group's business activities (financial impact assessment). The assessment time horizons were defined as one year for the short term, three years for the medium term, and fifteen years for the long term.
Based on the results, the Group identified sustainability matters exceeding the thresholds under both perspectives. These material sustainability matters were then used to determine the Group's material issues as the key management issues it should address to realize its desired state in 2040 set out in its Medium-to-Longer-Term Direction.

STEP 3: Validation of Assessment Results

The IHI Group conducted a dialogue with external experts on February 12, 2026, to objectively confirm the appropriateness of the materiality assessment. Details of the dialogue are as follows:

Dialogue Topics
- Comprehensiveness of the sustainability matters assessed
- Reasonableness of the assessment results in light of social and industry trends
- Appropriateness of the material issues identified

External Expert Comment 1



Hiroki Sampei
Founder & Principal, Astonering Advisor LLC

It is worthwhile that the IHI Group has identified material issues in light of the direction it aims to pursue. The Group should ensure that it clearly communicates to external stakeholders not only what it intends to do but also why it is pursuing those initiatives, in order to enhance the persuasiveness of its communication.
For example, when explaining the rationale behind its material issues, the Group could clarify why each issue is important by referring to the IHI Group's Management Philosophy as well as the interrelationships among the material issues. This would make the definitions and positioning of each material issue easier to understand.
Furthermore, the vision of positioning national security as a strategic priority is commendable. However, explaining the Group's recognition of, and approach to addressing, the risks of fragmentation associated with realizing that vision – such as geopolitical fragmentation and social division – would further strengthen information users' conviction in the IHI Group's ability to realize its desired state in 2040.

External Expert Comment 2



Toshihiko Goto
Director and Special Advisor, Former Representative Director (2003-2025), Sustainability Forum Japan
Executive Director, Global Compact Network Japan

The identification of the material issues is generally appropriate. However, it is desirable for the IHI Group to use terminology aligned with global standards to the extent possible, as clear communication with both internal and external stakeholders is essential for the effective implementation of the Group's business strategies based on these material issues. For example, the term "value chain" used in "Building a Sustainable Value Chain" means globally, "The full range of interactions, resources and relationships related to a reporting entity's business model and the external environment in which it operates." The IHI activities are essential parts of it. It is necessary to provide clear and careful explanations to stakeholders.
It is also important to note that the significance of sustainability matters such as the circular economy, AI utilization, and human rights, which relate to multiple material issues, appears to have been assessed as relatively low. It would be beneficial for the Group to clearly explain its rationale for the positioning of these matters.

Response to Expert Comments



Akihiro Seo
Managing Executive Officer (Officer in charge of Group ESG)

The comments received from the two external experts each raise important issues. While these topics have already been discussed internally, we recognize the need to further deepen our consideration going forward.
For example, regarding the management of risks associated with fragmentation, we recognize this as a highly important issue for the IHI Group and will work to communicate our recognition and response measures more clearly in future disclosures. In addition, “Building a Sustainable Value Chain,” one of our material issues, is intended not only to appropriately manage risks and social and environmental impacts in the IHI Group’s value chain, but also to create new markets, generate new demand, and expand our business broadly—from manufacturing through product use—thereby achieving both the provision of social and environmental value and corporate growth. We will continue to explain this concept clearly in future disclosures.
It should also be noted that sustainability matters such as the circular economy, AI utilization, and human rights, which have cross-cutting impacts across multiple material issues, are embedded within the Group’s six material issues. As the Group advances initiatives related to these six material issues, its efforts to address these cross-cutting issues will also progress in parallel. Taking these points into account, we will strive to communicate more clearly in future disclosures why each material issue is important to the Group and how the issues are interrelated.

STEP 4: Finalization of Material Issues

The IHI Group finalized its updated material issues based on the outcomes of the dialogue with external experts, following deliberation and approval by the directors.

Targets and Performance of Material Issues

The IHI Group is currently developing KPIs linked to the revised material issues. The departments responsible for each material issue will regularly monitor and evaluate the progress and refine initiatives as needed to implement appropriate PDCA management for the material issues.

Sustainability Governance Structure

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 continuing sustainable growth together with customers and society.
The Basic Code of Conduct for the IHI Group defines the practices necessary to embody this belief.

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.

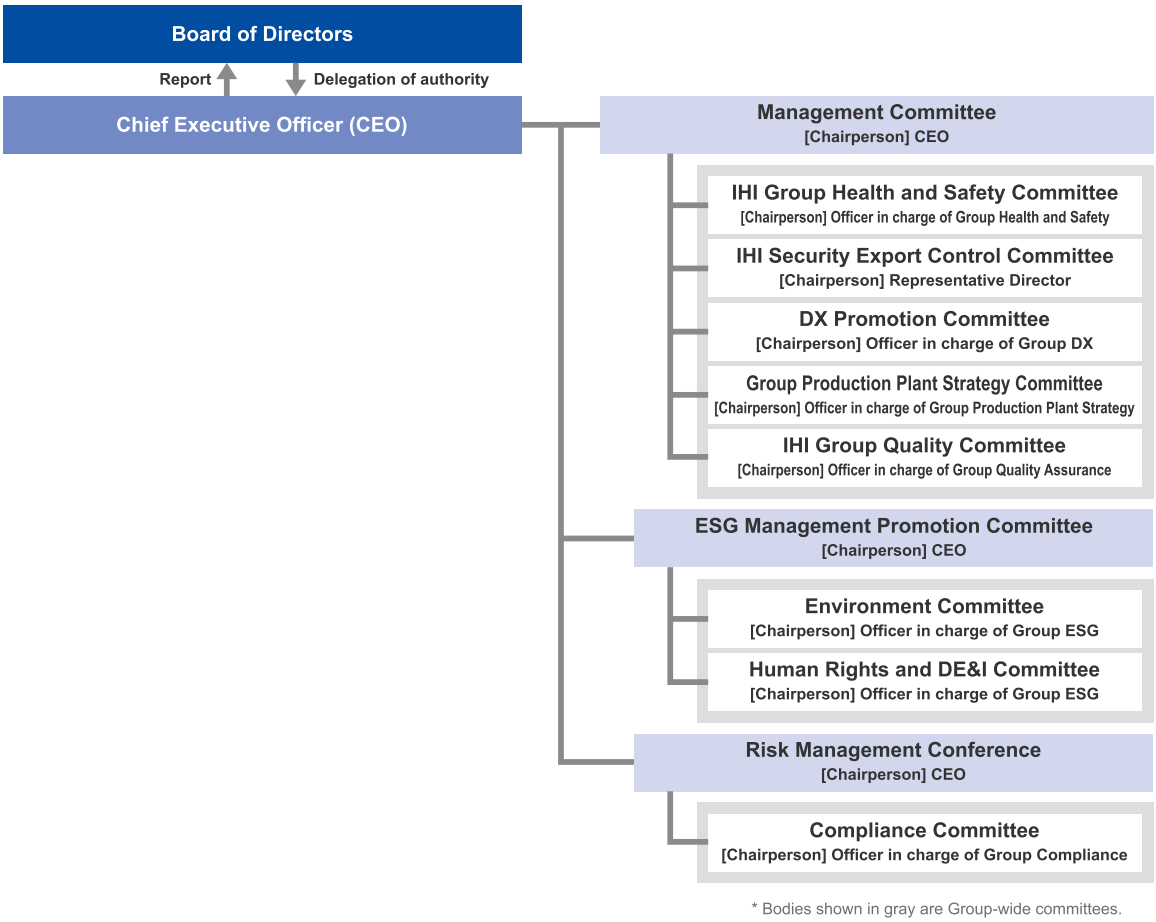
IHI Group Code of Action >

Your Guide to IHI Group’s “Basic Code of Conduct” (1.3MB) PDF

Sustainability Governance Structure

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-centered 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 management centered on ESG, 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-centered management is implemented Group-wide.

Sustainability Governance Structure



* Bodies shown in gray are Group-wide committees.

ESG Management Promotion Committee

Chairperson	Chief Executive Officer (CEO)
Members	Directors, Executive Officers, and General Managers
Secretariat	Administration Division
Number of meetings convened in FY2025	2

Education and Awareness

The IHI Group aims to provide each and every employee with opportunities to understand what sustainability and ESG are, and to consider them in connection with the IHI Group's policies and activities. The IHI Group provides an e-learning sustainability/ESG program for executives, employees, and temporary employees of IHI and affiliated companies in Japan. In addition to basic knowledge of sustainability and ESG, the program covers the IHI Group's policies and specific examples of initiatives, with a focus on their relevance to day-to-day operations. The program is also provided to new employees and mid-career hires to promote understanding of the basic approach to sustainability from the time they join.
In fiscal 2025, the Group conducted a test within the e-learning program to assess employees' understanding of sustainability and ESG. The Group will evaluate and analyze the test results and reflect the findings in future education plans in order to reinforce and deepen understanding.
Furthermore, to promote broader awareness of sustainability across the Group, the IHI Group regularly provides sustainability-related information through its internal newsletter, Ai Eichi Ai, as well as via email newsletters.

Number of Participants in Sustainability/ESG Program

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025*2
Participants	IHI and affiliated companies in Japan	People	—	20,231	18,223	20,099
Completion rate*1	IHI and affiliated companies in Japan	%	—	83.7	82.8	84.3

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

*2 Participation in the understanding test

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 FY2025 (Summary)

Stakeholders	Main Purpose of Dialogue	Example of Dialogues from FY2025	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	Three 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 2025, the management team visited North America, Europe, Australia, 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 (FY2025)

Investors		・625 companies (231 Japanese investors, 394 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: 35 times
	Officer in charge of Group Finance & Accounting	・Financial result briefings conducted: 4 times ・Dialogue conducted with Japanese and overseas institutional investors: 103 times
	Senior Executive Officers, Executive Officers, Presidents of business areas	・Dialogue conducted with Japanese and overseas institutional investors: 45 times
	IR/SR Managers	・Dialogue conducted with Japanese and overseas institutional investors: 442 times

Dialogue Results with Bond Investors (FY2025)

Investors	・0 companies (0 bond investors, 0 banks, 0 financial institutions)
Main representative	—
Main theme	—

Themes of the Main Dialogues with Shareholders and Investors (FY2025)

Classification	Main Dialogue Topics
General	・Overview of the Medium-to-Longer-Term Direction ・Investment levels and main aspects of investment in Growth and Development-focus Businesses ・Status of deliberations regarding business portfolio ・Future direction of capital policy and shareholder returns ・Medium to long-term sales growth and profitability outlook for the Civil aero engines business ・Profitability and business opportunities in the Defense business ・Growth strategy and future outlook for the Nuclear energy business ・Prospects for monetization of fuel ammonia value chain business ・Cash allocation policy ・Status of management consideration with awareness of capital costs and stock prices ・Progress of balance sheet reform
E	・Progress of initiatives to achieve IHI Carbon-neutral 2050 ・Future outlook for Scope 3 emissions ・Strengths and the uniqueness of the IHI Group in addressing climate change
S	・Policy for investment in human resources ・Status of diversity initiatives ・Status of human rights due diligence initiatives ・Scale and progress of human resource shift ・Utilization status of employee-awareness survey results
G	・Progress on measures to prevent recurrence regarding a series of misconduct cases at subsidiaries ・Composition of the Board of Directors, expectations for and roles of Independent Directors, and future appointment policy ・Effectiveness of the Board of Directors ・Status of deliberations regarding succession planning for the President and senior management ・Progress of initiatives to reconstruct effective Group governance ・Status of the sale of cross-shareholding

Environment

Environmental Management 022
Climate Change 032
Natural Capital and Biodiversity 049
Circular Economy and Pollution Prevention 055

Environmental Management

Approach Policy Governance Strategy Risk Management Metrics and Targets Initiatives

Approach

The IHI Group implements management that embraces ESG values.
Until fiscal 2025, the Group had identified three key environmental issues—climate change, conservation of the global environment, and circular economy—and had continuously worked to reduce the environmental impacts on the entire social system. Beginning in fiscal 2026, in light of recent social trends, the Group has expanded the concept of the conservation of the global environment, which had guided its efforts to date, and redefined it as the conservation of natural capital.
Among these key environmental issues, the IHI Group has also positioned climate change as one of its material issues. Using greenhouse gas (GHG) emissions across the lifecycle of its products and services as a key indicator, the Group proposes businesses that contribute to achieving carbon neutrality throughout the value chain. The Group has established the IHI Group Basic Environmental Policy as a guideline for action in addressing these key environmental issues.

Policy

IHI Group Basic Environmental Policy

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

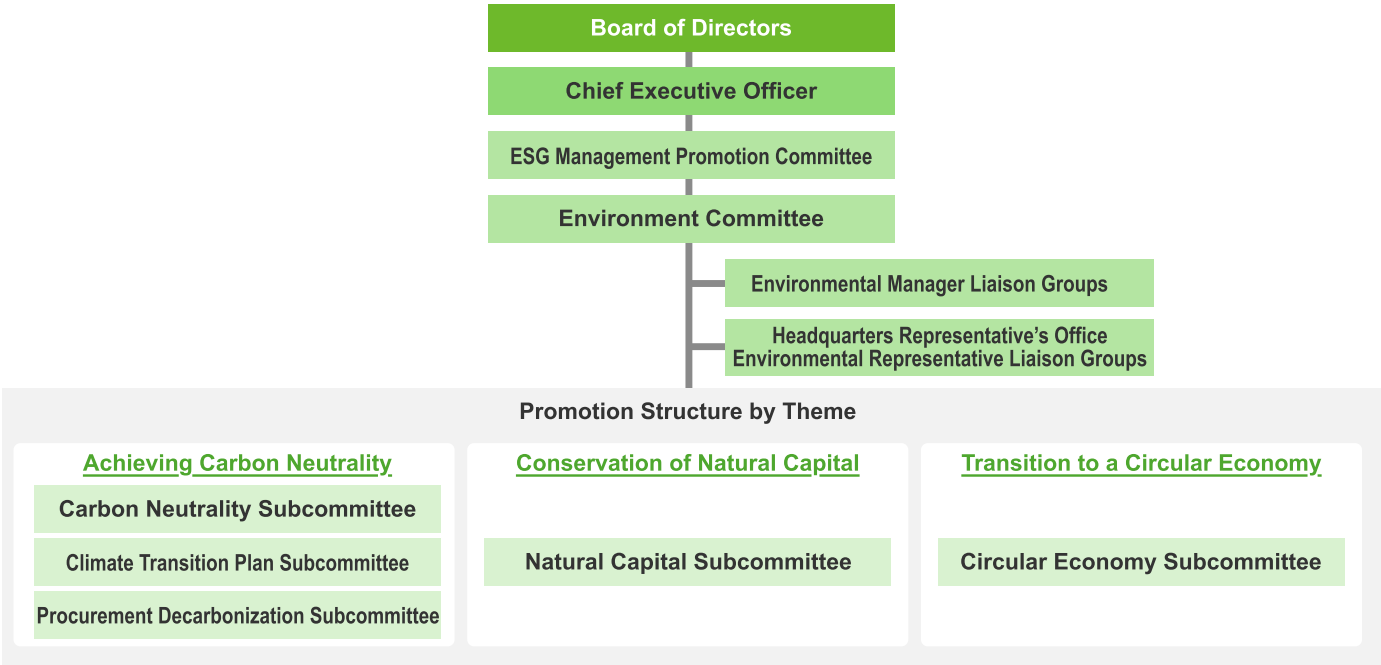
Article 6. Disclosure of Information

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 Managers of their Planning & Control Departments serving as Committee members. In addition, the Environmental Manager Liaison Groups and various subcommittees have been established under the Environment Committee to promote activities related to its key environmental issues.
For each of the three key issues—climate change, conservation of the global environment (redefined as conservation of natural capital from fiscal 2026), 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 one of its material issues, the Committee is drawing up a roadmap for reducing the amount of GHG emissions generated during product use, and is monitoring the implementation status of capital investment aimed at reducing GHG 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. The Environment Committee also receives reports on the activities of the various subcommittees.

Environmental Management and Activity Promotion Structure



Overview of Committees and Meeting Bodies

Committees and Meeting Bodies	Purpose	Participants	Number of meetings convened (FY2025)
Environment Committee	Planning and promotion of environmental activities	Chairperson: Officer in charge of Group ESG Members: General Environmental Officers in business areas, offices, and the corporate divisions	3
Environmental Manager Liaison Groups	Promotion of environmental improvement activities tailored to the characteristics of each business area and office	Members: Environmental Management Officers in the business divisions, offices, and the corporate divisions Secretariat: Administration Division	3
Headquarters Representative's Office Environmental Representative Liaison Groups	Information sharing and discussion on environmental activities among operational personnel	Members: Environmental Representatives at IHI's major offices Secretariat: Administration Division	2
Carbon Neutrality Subcommittee	Developing and implementing carbon neutrality initiatives tailored to the characteristics of production plants in each business area	Members: Business areas Secretariat: Administration Division	Transitioned from task force activities in FY2026
Climate Transition Plan Subcommittee	Assessing climate-related risks and opportunities and developing a climate transition plan	Members: Business areas Secretariat: Administration Division	Individual meetings: 10 General meetings: 1
Procurement Decarbonization Subcommittee	Developing and implementing GHG emissions reduction initiatives in procurement activities	Members: Administration Division, Corporate Procurement Division Secretariat: Administration Division	Individual meetings: 5 General meetings: 1
Natural Capital Subcommittee	Developing the basic policy on natural capital and biodiversity and planning and implementing initiatives for natural capital conservation	Members: Environmental Representatives in business areas and offices Secretariat: Administration Division	From FY2026
Circular Economy Subcommittee	Promotion of businesses incorporating circular economy principles	Members: Business areas, corporate divisions Secretariat: Administration Division	Meetings: 2 Workshops: 4

Strategy

The IHI Group sets targets for environmental activities in the short term (one-year), the medium term (three-year), and the long term (up to fiscal 2040) time horizons. For the medium term, the Group drafts its environmental action plans every three years and establishes short-term targets based on the plans, while pursuing 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.
The new three-year plan beginning in fiscal 2026 is structured around three pillars: climate change, conservation of natural capital and biodiversity, 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 > Technology Development >
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 and Pollution Prevention >
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 > IHI Group Procurement Policy (1,022KB) PDF
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 > Circular Economy and Pollution Prevention >
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	Circular Economy and Pollution Prevention >

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, environmental incidents and regulatory violations are reported to the Risk Management Conference.
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.
In addition, 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 their Scope 3 emissions associated with these products. In fiscal 2025, each business conducted studies on long-term emission reduction action plans, assessed risks and opportunities as well as their potential financial impacts, and estimated emissions over the short, medium, and long term.

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 primarily on plants with high energy usage. 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.
Since fiscal 2023, the IHI Group has been conducting workshops at its plants and offices with the participation of external experts. These workshops review the operating conditions of major facilities and identify opportunities for energy conservation and efficiency improvements.

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.
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 2025 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 conducts its business activities with consideration for reducing environmental impacts throughout the entire lifecycle of its product and services, from design and materials procurement to manufacturing, use, and disposal.
In particular, for large-scale investment projects, the Group requires the submission of an environmental checklist as part of the investment review process to confirm that the proposed business activities will not impose significant environmental impacts.
In addition, 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 environmental impact.

- **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**
  Water gate equipment for rivers and dams, vibration control systems, seismic isolation floor systems
- **Mobility**
  Turbochargers for vehicles, aero engines, marine engines
- **Other**
  Anaerobic wastewater treatment equipment, environmentally-friendly building

Metrics and Targets

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

(Scope: IHI and consolidated subsidiaries)

Action Plans	FY2025 Target	FY2025 Implementation Status and Results
Climate change	Reduction of 12,000 t-CO_2e in total Scope 1 and 2 emissions through capital investment from that in FY2022	Reduced 14,400 t-CO_2e equivalent in total Scope 1 and 2 emissions through capital investment over the three-year period from FY 2023 to FY 2025
	Reduce energy consumption intensity by 3% from that in FY2022	Compared to FY2022 energy consumption intensity of 17.0 TJ/10 billion yen, FY2025 result was 13.3 TJ/10 billion yen, representing a 21.5% reduction from FY2022
Circular economy	Reduce waste emissions by 3% or more from that in FY2022	Compared to FY2022 waste emissions of 23,044 tons, FY2025 result was 20,254 tons, representing a 12.1% reduction from FY2022
	Review the definition of recycling rate, and determine the amount of final disposal to be at least 90 wt% of total waste	Definition of a new management indicator to replace the recycling rate completed
	Reduce water withdrawal by 3% or more from that in FY2022	Compared to FY2022 water withdrawal of 4,037 thousand m^3, FY2025 result was 4,289 thousand m^3, representing a 6.3% increase from FY2022 (Overall water withdrawals increased due to increased production and a decrease resulting from boundary changes)
Conservation of the global environment	Zero environmental accidents and environmental law violations	Zero environmental accidents and environmental law violations

IHI Group Environmental Action Plan 2026 (FY2026–2028)

(Scope: IHI and consolidated subsidiaries)

Action Plans	Three-Year Targets	FY2026 Target
Climate change	Scope 1 and 2 emissions of 150,000 t-CO_2e or less (a reduction of 41% or more from that in FY2019)	Scope 1 and 2 emissions of 173,000 t-CO_2e or less (a reduction of 32% or more in FY2026 from that in FY2019)
	Reduce energy consumption intensity by 3% from that in FY2025	Reduce energy consumption intensity by 1% in FY2026 from that in FY2025
	Formulate and implement a climate transition plan	Formulate a climate transition plan and incorporate it into business plans
	Improve the accuracy of Scope 3 Category 1 and 11 emissions calculations	Obtain third-party verification of Scope 3 Category 1 emissions (FY2025 actual results), in addition to Scope 3 Category 11 emissions
	Communicate GHG emissions reduction contributions achieved through products	Select products for calculating GHG emissions reduction contributions, and establish estimation and calculation methodologies
Conservation of natural capital and biodiversity	Zero environmental accidents and environmental law violations	Zero environmental accidents and environmental law violations
	Enhance employee awareness and understanding of natural capital conservation and clarify the Group's approach to natural capital	Conduct biodiversity surveys at plants and offices, and prepare for registration as Nationally Certified Sustainably Managed Natural Sites, etc.
Circular economy	Reduce water withdrawal by 3% or more from that in FY2025	Reduce water withdrawal by 1% or more from that in FY2025
	Expand lifecycle businesses incorporating circular economy principles	Examine business models using business processes that incorporate circular economy principles Establish lifecycle businesses (LCBs) based on these business models
	Improve the accuracy of waste recycling rate calculations using electronic manifests	Increase the adoption rate of electronic manifests

ISO 14001 Certification Status

Target	Item	FY2022	FY2023	FY2024	FY2025
IHI and consolidated subsidiaries	Total number of sites	75	73	71	73
	Number of certified sites	45	45	46	45
	Coverage rate (based on amount of energy consumption) (%)	81.3	81.0	85.1	85.7
	Coverage rate (based on number of sites) (%)	60.0	61.6	64.8	61.6
IHI and affiliated companies in Japan	Total number of sites	62	60	60	59
	Number of certified sites	37	36	36	33
	Coverage rate (based on amount of energy consumption) (%)	—	84.8*	83.7	84.5
	Coverage rate (based on number of sites) (%)	59.7	60.0	60.0	55.9
Affiliated companies overseas	Total number of sites	13	13	11	14
	Number of certified sites	8	9	10	12
	Coverage rate (based on amount of energy consumption) (%)	—	60.5	97.1	96.1
	Coverage rate (based on number of sites) (%)	61.5	69.2	90.9	85.7

* The FY2023 coverage rate for IHI and affiliated companies in Japan (based on amount of energy consumption) has been corrected due to an error in the previously published data.

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. The Group has also designated every June as environment month. To enhance environmental awareness among employees, the Group conducts quizzes on environmental topics for all employees and shares information on internal initiatives related to carbon neutrality through its internal newsletter.
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	FY2022	FY2023	FY2024	FY2025
Employees	e-learning	—	—	—	—
	Environmental Quiz	1,992	2,674	2,554	2,324
	Carbon Neutrality Card Game Education	—	—	30	156
Environmental Representatives	Group Energy Efficiency Training, etc.	88	68	114	125
	Circular Economy Training, etc.	56	51	86	71

Reduction of the Environmental Impact

Costs to Reduce the Environmental Impact

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

Item	FY2022	FY2023	FY2024	FY2025
Investments	563	1,048	1,377	2,179
Expenditures	151	365	778	591

Environment-related Capital Investments (FY2025)

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

Category		Amount Invested	Main Items	Investment Effect
Total		2,179		
	Energy-saving / climate change measures*	1,543	Installation of solar power systems and individual air-conditioning systems in factories, etc.	Energy consumption and CO_2 emission reductions
	Environmental risk measures	636	Renewal of aged equipment, etc.	Zero environmental accidents and environmental law violations

* When consolidated subsidiaries are included, the amount is 1,925 million yen.

Climate Change

Approach Policy Governance Strategy Risk Management Metrics and Targets Initiatives

Approach

The IHI Group has positioned addressing climate change as one of its material issues 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 and has adopted the IHI Carbon-Neutral 2050 plan. The Group has developed a climate transition plan, under which it aims to achieve effectively zero greenhouse gas (GHG) emissions throughout its value chain by 2050.
The Group seeks to contribute to reducing GHG emissions throughout society, to this end, engages with Japanese government agencies on climate change-related matters, provides policy recommendations through industrial associations, and promotes the setting of appropriate rules at the international level. The Group actively participates in third-party initiatives related to climate change policies, regulatory systems, and market development. By aligning the insights gained from these activities with the IHI Group's climate transition plan and reflecting them in its business portfolio and technology development, the Group ensures consistency between external developments and its corporate strategy.

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.

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

GX Future Consortium

The IHI Group endorsed the GX League Basic Concept announced by Japan's Ministry of Economy, Trade and Industry in February 2022 and joined the GX League in April 2023. In April 2026, the GX Future Consortium was established to take over the functions of the GX League and the TCFD Consortium, and the IHI Group transitioned to membership in the new consortium.
GX Future Consortium Official Website >

Relationships with Industry Associations

The IHI Group is a member of various industry associations relating to climate change. The Group has set 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. 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.

Activities in the International Aviation Industry

To strengthen its global carbon neutrality initiatives, IHI joined the International Aerospace Environmental Group (IAEG), a nonprofit organization that promotes sustainability activities within the international aviation industry, in April 2025. IAEG is a nonprofit organization comprising aerospace companies from around the world and is dedicated to collaboratively developing and sharing innovative solutions to address environmental challenges facing the industry. Through cooperation among aviation companies, IAEG works to establish industry-wide standards and provide practical solutions that can be applied to key environmental issues across the sector.

Reference: Joining IAEG, the International Aerospace Environmental Group, to Strengthen Global Carbon Neutrality Initiatives | 2025FY | Sustainability Activities | Sustainability | IHI Corporation

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 Plan, which is formulated every three years, 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

Under its environmental governance framework, the IHI Group has established dedicated subcommittees on climate change to formulate policies, develop strategies, identify risks, and consider and promote measures to address them. While these activities were previously conducted through task forces, the Group transitioned to a subcommittee structure to enhance continuity and execution of its initiatives.
Currently, the Group is advancing efforts to achieve carbon neutrality across its entire value chain through the following subcommittees: the Carbon Neutrality Subcommittee, which is responsible for planning and implementing carbon neutrality initiatives at production plants across the Group's business areas; the Climate Transition Plan Subcommittee, which is responsible for developing the Group's climate transition plan; and the Procurement Decarbonization Subcommittee, which is responsible for reducing Scope 3 Category 1 GHG emissions.

Environmental Management and Activity Promotion Structure >

Strategy

IHI Carbon-Neutral 2050

The IHI Group supports 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. Based on this commitment, the Group has established the "IHI Carbon-Neutral 2050" initiative, under which it aims to achieve carbon neutrality across its entire value chain by 2050.
The Group aims to halve direct and indirect GHG emissions (Scope 1, 2) from its business activities compared to fiscal 2019 by fiscal 2030 and achieve effectively zero emissions by 2050. In the short-term, the Group sets targets for reducing GHG emissions and energy consumption intensity under its Environmental Action Plan, which is formulated every three years.
The Group also aims to achieve effectively zero GHG emissions released in upstream and downstream processes (Scope 3) by 2050. The Group has developed the Scope 3 Emissions Reduction Roadmap and is promoting reduction effort with a particular focus on Category 11 (use of sold products) and Category 1 (purchased products and services).

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 five business domains for which the impacts of climate change are considered significant from the perspectives of transition and physical risks: the energy business, bridge and water gate business, vehicle turbocharger business, rotating machinery 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 five business domains. The third step assessed the impact each business has. For the assessment, the time horizons were defined as short term (one year), medium term (three years), and long term (through 2040). 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 five 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

Step 1 Set independent scenarios

The IHI Group referred to external scenarios* to set independent Group scenarios in anticipation of the world in 2050.

❶ High-transition risk scenario
❷ High-physical risk scenario

Step 2 Identify risks and opportunities

The IHI Group identified risk and opportunities for the two scenarios created in Step 1.

Step 3 Evaluate the business impact

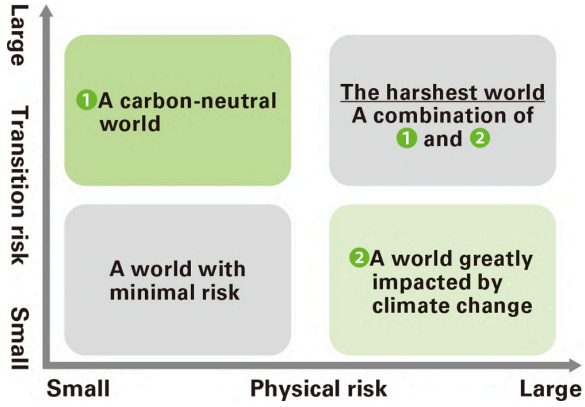
The IHI Group assigned point values for the potential of occurrence and scale of impact for each risk and opportunity identified in Step 2. The intersection between both define the impact and estimate the influence the risks and opportunities have on our businesses.

Step 4 Formulate countermeasures

The IHI Group formulated measures to respond to these risks and opportunities to foster resilient businesses.

* 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 GHG 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.

Key Risks and Opportunities under the Defined Scenarios and Related Response Measures

Category	Risk/ Opportunity	Relevant Business	Description of Risk/ Opportunity	Response Measures
1.5°C scenario	Scenario with significant transition risks (Scenario ①: A carbon-neutral world)			
Policy and Legal Regulations	Risk	Common	・Increase in procurement costs due to stricter environmental regulations on materials, parts, and energy	・Work with suppliers to reduce and eliminate carbon emissions across the entire supply chain ・Review procurement policies and specifications based on LCA
	Risk	Common	・Increase in operating costs due to stricter energy and GHG emissions regulations for factories, construction sites, and offices	・Reduce energy use and GHG emissions by improving production and logistics process efficiency and advancing energy management ・Shorten construction periods and reduce costs through labor-saving and remote operations enabled by DX and improved construction methods
Reputation	Risk	Common	・Loss of order opportunities and decline in social credibility and ESG ratings due to an evaluation that climate change measures are insufficient	・Proactively and transparently disclose information on performance and plans for products and services that contribute to climate change mitigation and adaptation ・Clarify policies and targets through dialogue with stakeholders
Technology	Risk	Energy Rotating Machinery Civil Aero-Engines	・Decline in market competitiveness and loss of sales opportunities due to delays in developing decarbonization and low-carbon technologies	・Make strategic technology development investments in priority areas based on policy, technology, and market trends ・Accelerate practical application of advanced technologies, such as electrification and advanced composite materials, and expand their application to products
Market	Risk	Energy Vehicle Turbochargers Civil Aero-Engines	・Decrease in demand for products and services that consume fossil fuels	・Accelerate practical application of fuel conversion and other decarbonization technologies and expand product lineups ・Build governance and business portfolio management systems capable of responding quickly to rapid changes in market structure
Market	Opportunity	Energy Rotating Machinery Civil Aero-Engines	・Increase in demand for products and services that contribute to low-carbon and decarbonized solutions	・Invest in and improve productivity to strengthen manufacturing capacity for nuclear-related equipment and other products ・Accelerate practical application of process gas compression technologies that promote carbon recycling and fuel conversion ・Accelerate practical application of advanced technologies, such as electrification and advanced composite materials, for civil aero-engines and strengthen solution proposal capabilities
4°C scenario	Scenario with significant physical risks (Scenario ②: A world greatly impacted by climate change)			
Acute and Chronic	Risk	Common	・Suspension or reduction of business activities due to damage to factories, construction sites, offices, and supply chains caused by weather disasters such as typhoons and floods	・Strengthen disaster prevention and mitigation measures at factories and offices, diversify critical sites, and establish alternative production systems ・Strengthen supply chain resilience and develop and regularly review business continuity plans (BCPs)
Market	Opportunity	Bridges and Water Gates	・Increase in demand for flood control and water utilization infrastructure to prepare for extreme weather events such as heavy rain, flooding, and drought	・Provide total solutions and expand supply capacity by leveraging engineering, manufacturing, and maintenance capabilities for water gates, dam facilities, and related equipment
Acute and Chronic	Opportunity	Energy Bridges and Water Gates	・Contribution to the early restoration of infrastructure damaged by weather disasters	・Establish systems and processes to respond quickly to requests in the event of a disaster, including securing equipment, materials, and personnel in advance and strengthening collaboration with partner companies

Financial Impacts

IHI assesses the impacts of climate change on its business and financial performance from both transition risk and physical risk perspectives.
With respect to transition risks, the Company recognizes that, as society transitions toward net-zero emissions, demand for certain products and services that directly or indirectly consume fossil fuels may decline over the medium to long term. Conversely, demand is expected to increase in technology areas that contribute to decarbonization, including fuel conversion, the use of non-fossil fuels, and next-generation aircraft engines with enhanced fuel efficiency.
From the perspective of physical risks, the Company recognizes the risk that increasingly severe natural disasters associated with climate change could affect business continuity through damage to facilities and the suspension or reduction of operations. Conversely, the Company views the growing demand for the maintenance and enhancement of social infrastructure as a business opportunity.
In light of these risks and opportunities, the Company continues to invest in research and development in areas such as fuel conversion, the use of non-fossil fuels including nuclear energy, next-generation aircraft engines, and flood control solutions. Through these efforts, the Company is strengthening its business foundation from both climate change mitigation and adaptation perspectives.

Financial Impacts of Climate Change

Category	Transition	Physical
Risks	**Decline in revenue due to reduced demand (−)** As society transitions toward net-zero emissions, demand may decline for certain products and services that directly or indirectly consume fossil fuels	**Impact on business continuity (−)** Increasingly severe natural disasters may affect business continuity through damage to facilities and the suspension or reduction of operations
Opportunities	**Business opportunities arising from decarbonization needs (+)** Including fuel conversion, the use of non-fossil fuels, and next-generation aircraft engines	**Growth in adaptation-related demand (+)** Including the maintenance and enhancement of social infrastructure, as well as disaster prevention and flood control
Financial impacts	・Financial metric affected: Revenue ・Potential revenue exposure: Approximately ¥900 billion to ¥1 trillion (long-term impact range) ・Revenue vulnerable to transition risks*: Approximately ¥730 billion	
Response	<Key response measures common to both transition and physical risks> ・Development of fuel conversion technologies ・Expansion of the use of non-fossil fuels, including nuclear energy ・Development of next-generation aircraft engines with improved fuel efficiency ・Enhancement of solutions for social infrastructure, particularly in the areas of flood control and disaster prevention ・Continued investment in research and development, particularly in the above areas (R&D expenditure: ¥39.6 billion in FY2025 [Group-wide])	

* Revenue vulnerable to transition risks: Revenue generated from businesses that are particularly susceptible to the impacts of transition risks.

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.

CO_2 Emissions and Energy Consumption: 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	FY2025
A 12,000 t-CO_2e reduction in Scope 1 and 2 from those in FY2022 with capital investment	Reduced amount of GHG emissions (Scope1+Scope2)	GHG emissions 215,753 t-CO_2e	Fiscal year target	2,000 t-CO_2e reduction compared to FY2022	6,000 t-CO_2e reduction compared to FY2022	12,000 t-CO_2e reduction compared to FY2022
			Results	211,970 t-CO_2e	197,274 t-CO_2e	158,073 t-CO_2e
			Compared to FY2022	3,783 t-CO_2e reduction	18,479 t-CO_2e reduction	57,680 t-CO_2e reduction
Reduce energy consumption intensity by 3% in FY2025 from that in FY2022	Reduction rate of energy consumption intensity	Energy consumption intensity 17.0 TJ/10 billion yen	Fiscal year target	1% reduction compared to FY2022	2% reduction compared to FY2022	3% reduction compared to FY2022
			Results	17.6 TJ/10 billion yen	13.6 TJ/10 billion yen	13.3 TJ/10 billion yen
			Compared to FY2022	3.5% increase	19.6% reduction	21.5% reduction

"Climate Change" Targets (IHI Group Environmental Action Plan 2026 [FY2026–2028])

(Scope: IHI and consolidated subsidiaries)

Three-Year Targets	FY2026 Target
Scope 1 and 2 emissions of 150,000 t-CO_2e or less (a reduction of 41% or more from that in FY2019)	Scope 1 and 2 emissions of 173,000 t-CO_2e or less (a reduction of 32% or more in FY2026 from that in FY2019)
Reduce energy consumption intensity by 3% from that in FY2025	Reduce energy consumption intensity by 1% in FY2026 from that in FY2025
Formulate and implement a climate transition plan	Formulate a climate transition plan and incorporate it into business plans
Improve the accuracy of Scope 3 Category 1 and 11 emissions calculations	Obtain third-party verification for Scope 3 Category 1 emissions (FY2025 actual results), in addition to Scope 3 Category 11 emissions
Communicate GHG emissions reduction contributions achieved through products	Select products for calculating avoided emissions and establish estimation and calculation methodologies

GHG Emissions (Scope 1 and 2) and Energy Consumption

(Scope: IHI and consolidated subsidiaries)

Item / Breakdown	FY2022	Third-Party Verification	FY2023	Third-Party Verification	FY2024	Third-Party Verification	FY2025	Third-Party Verification
GHG emissions (Scope 1 + Scope 2) (t-CO_2e)*1	215,753	○	211,970	○	197,274	○	158,073	○
Scope 1 (t-CO_2e)	61,469	○	65,033	○	57,951	○	53,942	○
CO_2 (t-CO_2)	60,178	○	63,393	○	56,420	○	52,455	○
CH_4 (t-CO_2e)	447	○ (Domestic Only)	974	○ (Domestic Only)	923	○ (Domestic Only)	808	○ (Domestic Only)
N_2O (t-CO_2e)	85	○ (Domestic Only)	85	○ (Domestic Only)	76	○ (Domestic Only)	202	○ (Domestic Only)
HFCs (t-CO_2e)	469	○ (Domestic Only)	281	○ (Domestic Only)	443	○ (Domestic Only)	388	○ (Domestic Only)
PFCs (t-CO_2e)	0	○ (Domestic Only)	0	○ (Domestic Only)	0	○ (Domestic Only)	0	○ (Domestic Only)
SF_6 (t-CO_2e)	290	○ (Domestic Only)	299	○ (Domestic Only)	90	○ (Domestic Only)	90	○ (Domestic Only)
NF_3 (t-CO_2e)	0	○ (Domestic Only)	0	○ (Domestic Only)	0	○ (Domestic Only)	0	○ (Domestic Only)
Scope 2 (market-based) (t-CO_2)	154,284	○	146,937	○	139,322	○	104,130	○
GHG emissions intensity (t-CO_2e/100 million yen)*2	15.9	—	16.0	—	12.1	—	9.6	—
Energy consumption (TJ)*1	2,294	○	2,322	○	2,218	○	2,187	○
Fuel consumption (TJ)	1,019	○	1,070	○	993	○	977	○
Electricity consumption (TJ)	1,230	○	1,184	○	1,146	○	837	○
Heat consumption (TJ)	0	○	0	○	0	○	0	○
Renewable energy used (TJ)	45	○	69	○	79	○	374	○
Energy consumption intensity (TJ/10 billion yen)*2	17.0	—	17.6	—	13.6	—	13.3	—

*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.

Third-party Verification of Data (180KB) PDF

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-CO_2e)

Item / Category	Calculation Methods	Scope of Calculation	Emissions				
			FY2022	FY2023	FY2024	FY2025	Third-Party Verification
GHG emissions (Scope 3) total			184,475,000	403,575,000	357,089,456	341,256,290	—
1. Purchased goods and services	Calculation based on expenditures	IHI and consolidated subsidiaries	4,665,000	5,130,000	5,455,000	2,904,352	○
2. Capital goods	Calculation based on amount of capital investment	IHI and consolidated subsidiaries	205,000	239,000	326,000	327,000	—
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	10,000	—
4. Upstream transportation and delivery*1	Calculation based on transportation amounts	IHI and some domestic consolidated subsidiaries	1,000	1,000	5,000	27,000	—
5. Waste generated in operations	Calculation based on waste generated	IHI and consolidated subsidiaries	8,000	9,000	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*2	—	—	—	—	—	—
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	179,565,000	398,165,000	351,263,456	337,960,938	○ (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 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 (180KB) PDF

Initiatives

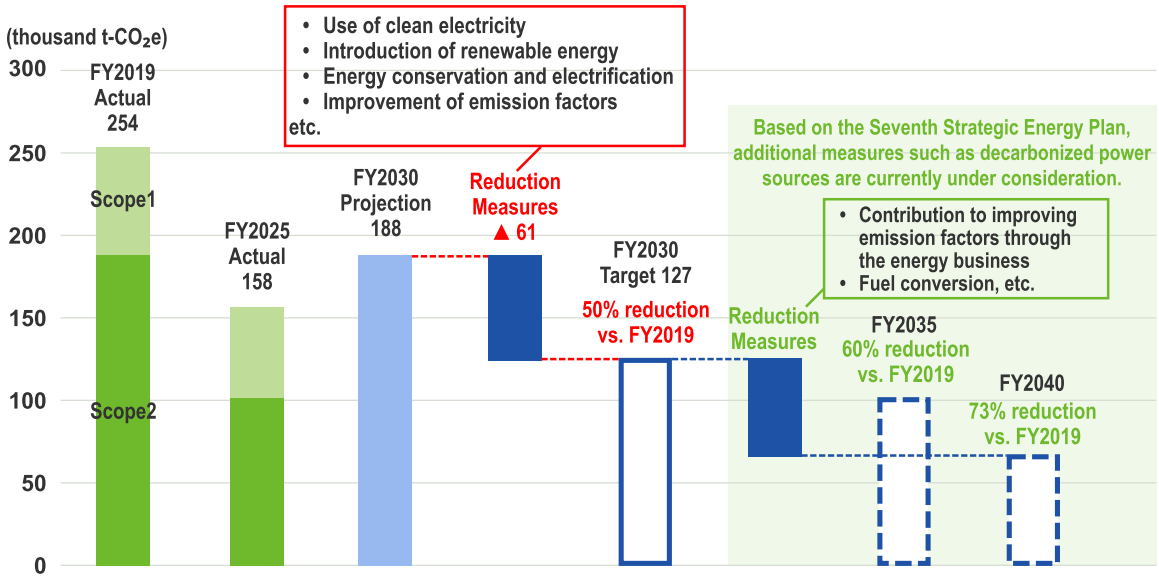
Mitigating Climate Change (Initiatives to Become Carbon Neutral)

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.

Reduction of Scope 1 and 2 Emissions

In its business and production activities, the IHI Group is working to reduce CO_2 emissions from factories, offices, and other facilities by combining initiatives to improve energy-use efficiency with efforts to promote the use of lower-carbon energy sources. 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. To promote the installation of equipment that contributes to reducing CO_2 emissions, including energy-efficient equipment, the Group has established an Internal Carbon Pricing system. Under this system, the value of CO_2 reductions is calculated by multiplying the projected reduction in CO_2 emissions resulting from the installation of eligible equipment by the internally established carbon price of ¥15,000 per ton-CO_2e. The resulting CO_2 reduction value is then deducted from the investment cost when evaluating the effectiveness of the capital investment. This system has been applied to the facility construction plan since fiscal 2023. Another important aspect to reducing CO_2 emissions is shipping and transport. The IHI Group strives to promote modal shifts through greater load efficiency and active use of marine vessels.

Scope 1 and 2 Emissions Reduction Roadmap



Reducing Scope 3 Emissions

The IHI Group has devised a roadmap for reducing its Scope 3 emissions, with the aim of achieving net-zero Scope 3 emissions by 2050. In line with this roadmap, the Group is advancing reductions in GHG emissions throughout the life cycle of its products, from material procurement, design, and manufacturing to use by customers, while working steadily to reduce Scope 3 emissions. The Group is also contributing to the decarbonization of society as a whole through businesses such as building a fuel ammonia value chain.

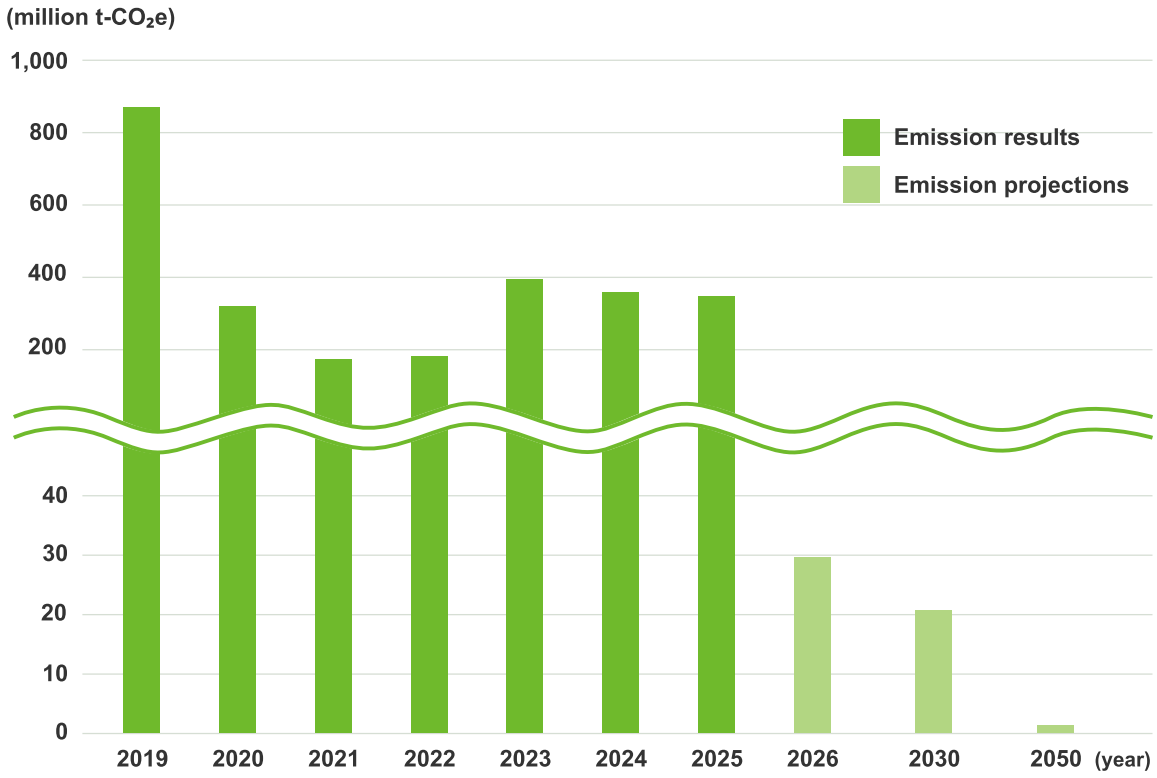
Reducing Scope 3 Category 11 Emissions

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 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. 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. For other products as well, the Group is advancing higher performance and greater efficiency while promoting the transition to clean energy.
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.

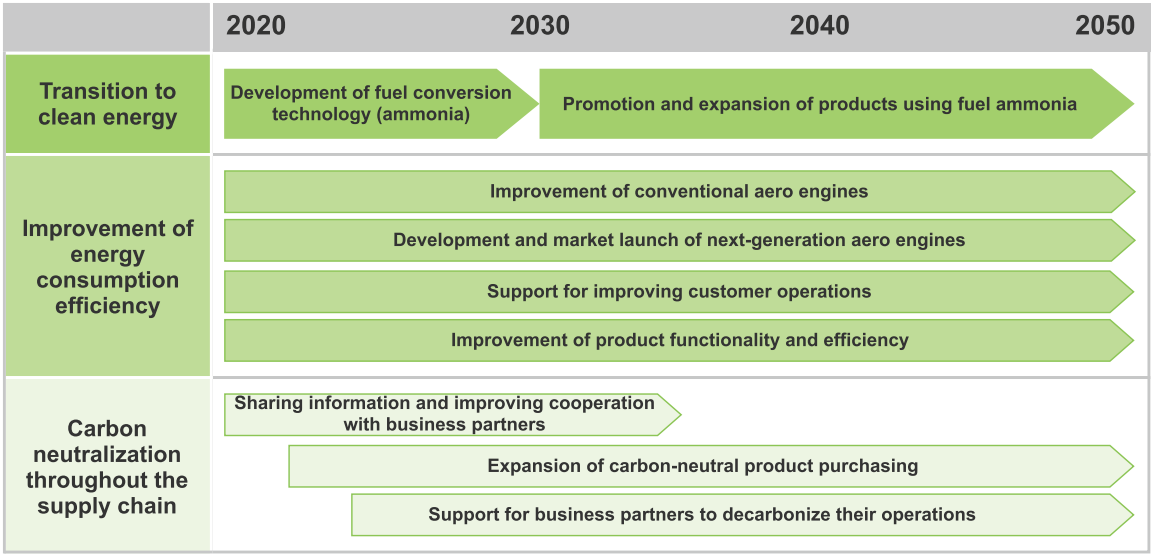
Reducing Scope 3 Category 1 Emissions

To reduce emissions in Scope 3 Category 1 (purchased products and services), the IHI Group promotes CSR procurement. The Group actively engages suppliers that demonstrate strong environmental performance and prioritize the purchase of products with lower CO_2 emissions generated during the manufacturing process. CSR procurement refers to procurement activities that, in addition to meeting fundamental procurement requirements, give due consideration to human rights, labor practices, occupational health and safety, environmental protection, and information management.
The IHI Group believes that increasing the proportion of primary data, which is emissions data obtained directly from suppliers, is essential for improving the accuracy of Scope 3 Category 1 emissions calculations. To increase the proportion of primary data globally in an efficient and standardized manner, the Group has introduced EcoVadis' Carbon Action Manager (CAM). CAM is a platform for collecting, comparing, and managing primary data from suppliers on GHG emissions, emissions reduction targets, and related information. Specifically, GHG emissions are calculated at the purchase-order level by combining procurement transaction data with either publicly available emission factors by product category or supplier-specific revenue-based emission factors derived from EcoVadis metrics data. By prioritizing the use of EcoVadis metrics data, the Group will continue to increase the proportion of primary data used in our calculations.

Scope 3 Emissions Results and Projections



Scope 3 Emissions Reduction Roadmap



Progress of Initiatives to Reduce Scope 3 Emissions

Initiative Category		Key Achievements in FY2025
Transition to clean energy	Fuel ammonia	IHI and GE Vernova achieve milestone with 100% Ammonia Combustion in Large Scale Test | 2025FY | News Articles | IHI Corporation
		IHI and Indonesian Partners Complete Southeast Asia's First Green Ammonia Combustion Trial at Commercial Coal-Fired Power Plant | 2025FY | News Articles | IHI Corporation
	Fuel ammonia value chain	Construction of Fuel Ammonia Facilities for JERA's Hekinan Thermal Power Station Progressing | 2025FY | News Articles | IHI Corporation
		Ammonia Supply Hub Project Based in the Tomakomai Area of Hokkaido Acquires Certification under Japan's Hub Development Support Program | 2025FY | News Articles | IHI Corporation
	Clean fuel	IPC Concludes Memorandum of Understanding for Development of Biomethane Production -Collaborating with Malaysia's MTCO to Address Challenges in the Palm Industry- | 2025FY | News Articles | IHI Corporation
		Received an Order for a Demonstration Plant for the Wastepaper Bioethanol Demonstration Project Being Advanced by ENEOS and TOPPAN Holdings | 2025FY | News Articles | IHI Corporation
	Sustainable aviation fuel (SAF)	IHI Succeeds in Synthesizing SAF from CO_2 | 2025FY | News Articles | IHI Corporation
	CCUS	Successful Achievement of 20MPaG Discharge Pressure in a Process Gas Compressor Required for Commercial CCUS to Advance Decarbonization | 2025FY | News Articles | IHI Corporation
		IHI Contributes to Carbon-Neutral Future by Launching World's First Lower Olefin Pilot Production at Thai Petrochemicals Plant - To tap CO_2 from petroleum product manufacturing process to make resin materials - | 2025FY | News Articles | IHI Corporation
	Nuclear power plants	Upcoming completion ceremony of SC Wall Mock Up for Romania SMR Project | 2025FY | News Articles | IHI Corporation
Improvement of energy consumption efficiency	Improvement of conventional aero engines	Type Certification Granted for GTF Advantage, the Enhanced PW1100G-JM Engine for the Airbus A320neo Family | 2025FY | News Articles | IHI Corporation
Carbon credits		Successful Launch of Ultra-Compact Hyperspectral Satellite "IHI-SAT2" -Promoting Forest Management and Carbon Credit Businesses through Advanced Satellite Data Utilization- | 2025FY | News Articles | IHI Corporation

Adapting to Climate Change

Preparations for Disasters to Continue Business Operations

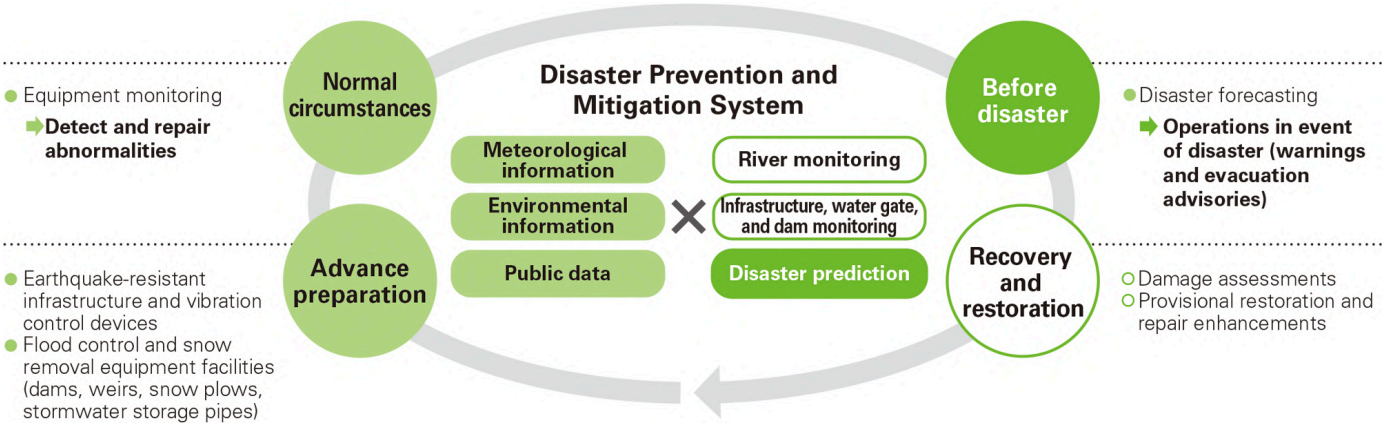
The IHI Group established rules on organizational structures and actions to be taken in normal times and during disasters and makes preparations for the occurrence of large-scale earthquakes, typhoons, and other wind and flood disasters.

Crisis Management >

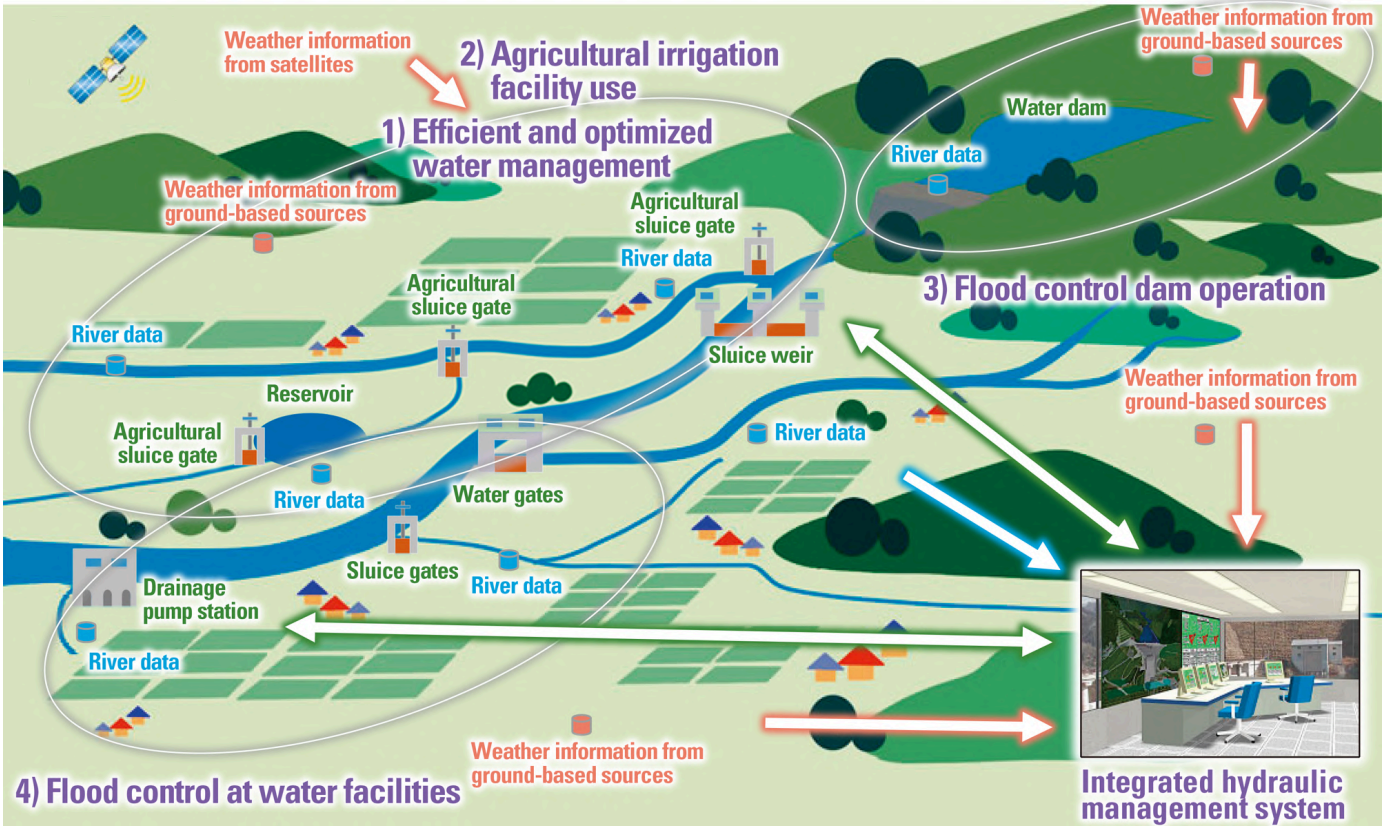
Preventing and Mitigating Disasters through Products and Services

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



Natural Capital and Biodiversity

Approach Policy Governance Strategy Risk Management Initiatives

Approach

The IHI Group regards natural capital as an important foundation that supports society and its business activities. Recognizing that its business activities both depend on and may have impacts on natural capital, the Group believes it is important to appropriately understand these relationships and strive to reduce negative impacts and ensure the sustainable use of natural capital.
The Group also seeks to contribute to the realization of a society in harmony with nature by providing technologies, products, and services that help conserve and restore natural capital. In advancing these initiatives, the Group complies with relevant laws and regulations and places importance on promoting employee understanding, appropriate information disclosure, and dialogue with stakeholders.
Based on this approach, the IHI Group is working to organize its policy on natural capital and biodiversity.

Policy

IHI Group Basic Environmental Policy >

Governance

The IHI Group has established a subcommittee dedicated to the conservation of natural capital under its environmental governance framework. This subcommittee is responsible for formulating policies and strategies, identifying risks, and examining and promoting appropriate countermeasures.

Environmental Management and Activity Promotion Structure >

Strategy

The IHI Group believes that ensuring the sustainable use of natural capital, including mineral resources and water resources, is essential for the continuity of its business operations. In addition, the Group recognizes that environmental impacts arising not only from its own production activities but also from upstream and downstream activities across its value chain can have significant effects on biodiversity. Accordingly, the Group promotes the conservation of natural capital, including biodiversity, in conjunction with efforts to address climate change, prevent pollution, and advance the transition to a circular economy.

Furthermore, to systematically identify and organize nature-related risks and opportunities, the Group will continue to examine its future initiatives with reference to the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD). At present, the Group is placing priority on deepening its understanding of the importance of natural capital and gaining a clear understanding of its current situation. From fiscal 2026 onward, the Group plans to progressively develop and expand its initiatives in line with the concepts and recommendations of the TNFD. First, we assess our dependencies and impacts on natural capital, and then analyze related risks and opportunities and evaluate their potential impacts on our business and financial performance. We will subsequently disclose and report these results.

Regarding biodiversity, the Group conducts initiatives at offices and plants in alignment with the 2030 global targets set forth in the Kunming-Montreal Global Biodiversity Framework (GBF), which was formulated at COP15. In addition, the Group has been participating in the 30by30 Alliance for Biodiversity of the Ministry of the Environment since May 2024.

Risk Management

To understand the relationship between natural capital and its business activities, the IHI Group conducted an initial screening using ENCORE, an international database that maps dependencies and impacts between economic activities and natural capital (ecosystem services). Based on the results, and considering the characteristics of its manufacturing-centered businesses, the Group's dependencies and impacts on natural capital were categorized into the following three types.

(1) Social Infrastructure Business

A business segment characterized by relatively high levels of both dependency and impact on ecosystem regulatory functions (such as water, soil, and disaster risk mitigation), requiring prioritized detailed consideration.

(2) Resources, Energy and Environmental Business; Industrial Systems and General-Purpose Machinery Business

A business segment with limited direct dependency on natural capital, but where managing environmental impacts arising from manufacturing processes (including emissions, air and water pollution, and waste) represents a key issue.

(3) Aerospace, Space and Defense Business

A business segment in which overall physical dependency and impact on natural capital during manufacturing activities are relatively limited, with a focus on monitoring and managing environmental impacts through site-level environmental management.

Results of the Initial Screening Using ENCORE

Business	ISIC Division	ISIC Group/Class	Dependencies													
			Water Supply	Global climate regulation services	Rainfall pattern regulation services	Local climate regulation services	Air filtration services	Soil and sediment retention service	Solid waste remediation	Water purification services	Water flow regulation services	Flood mitigation services	Storm mitigation services	Noise attenuation services	Other regulation and maintenance services Dilution by atmosphere and ecosystems	Other regulation and maintenance services Mediation of sensory impacts
Social Infrastructure	Civil engineering	Construction of utility projects Construction of other civil engineering projects	M	M	VH	L	VL	H	—	M	M	H	H	VL	L	VL
Resources, Energy and Environment	Manufacture of machinery and equipment n.e.c.	Manufacture of special-purpose machinery	M	VL	VL	L	VL	L	L	M	M	M	M	VL	L	VL
Industrial Systems and General-Purpose Machinery	Manufacture of machinery and equipment n.e.c.	Manufacture of general-purpose machinery	M	VL	VL	L	VL	L	L	M	M	M	M	VL	L	VL
Aero Engine, Space and Defense	Manufacture of other transport equipment	Manufacture of air and spacecraft and related machinery	L	VL	VL	L	VL	M	M	M	M	M	M	VL	L	VL

Business	ISIC Division	ISIC Group/Class	Impacts									
			Disturbances	Area of freshwater use	Emissions of GHG	Area of seabed use	Emissions of non-GHG air pollutants	Generation and release of solid waste	Area of land use	Emissions of toxic pollutants to water and soil	Volume of water use	Introduction of invasive species
Social Infrastructure	Civil engineering	Construction of utility projects Construction of other civil engineering projects	VH	VH	M	M	L	M	L	H	L	L
Resources, Energy and Environment	Manufacture of machinery and equipment n.e.c.	Manufacture of special-purpose machinery	M	—	L	—	L	L	L	M	M	—
Industrial Systems and General-Purpose Machinery	Manufacture of machinery and equipment n.e.c.	Manufacture of general-purpose machinery	M	—	L	—	M	L	L	M	M	—
Aero Engine, Space and Defense	Manufacture of other transport equipment	Manufacture of air and spacecraft and related machinery	H	—	L	—	L	L	L	H	L	—

VH Very High　H High　M Medium　L Low　VL Very Low

Initiatives

The IHI Group seeks to fully understand the impacts of its business activities on natural capital and is committed to conserving natural capital and biodiversity.

Environmental Conservation of the “Higashiomi Tatebe Waterway for Creatures” (IHI and IHI Infra-square Co., Ltd.)

IHI and IHI Infra-square Co., Ltd. (IIS) are involved in water management for agricultural waterways in the Echi River basin, which flows near the IIS 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 Sites for the first half of 2024. Such natural sites are locations where private-sector and other initiatives preserve biodiversity, certified by the national government. In fiscal 2025, this environmental conservation initiative was registered in the international database as an OECM (Other Effective area-based Conservation Measures).
(GBF Target 1: Plan and Manage all Areas To Reduce Biodiversity Loss)

Maintenance of Healthy Ecosystems in a Nature Symbiosis Area (IHI Yokohama Office)

The IHI Yokohama Office has established a “Nature Symbiosis Area” within its premises and conducts conservation activities for rare plant species classified as Vulnerable (Category II), such as Cephalanthera falcata (kinran) and Cymbidium nipponicum (kugenuma-ran), as well as for Sugita plum tree, a species native to the Sugita district of Isogo Ward in Yokohama City, Kanagawa Prefecture, where the office is located. In addition, the Office is conducting pilot initiatives for the cultivation of sustainable crops using synecological agriculture methods (coexistence-based farming). The IHI Yokohama Office Nature Symbiosis Area was recognized as a Nationally Certified Sustainably Managed Natural Sites on September 16, 2025, in recognition of its efforts to maintain a healthy ecosystem composed of diverse flora and fauna centered on native species, as well as to expand habitats for rare plant and animal species. In fiscal 2026, this environmental conservation initiative was registered in the international database as an OECM (Other Effective area-based Conservation Measures).
(GBF Target 4: Halt Species Extinction, Protect Genetic Diversity, and Manage Human-Wildlife Conflicts)

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 CO_2 through photosynthesis.
(GBF Target 8: Minimize the Impacts of Climate Change on Biodiversity and Build Resilience)

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.
In fiscal 2025, at the survey sites of the IHI Aioi Office, it conducted surveys of invasive alien species and monitoring of valuable plant species in collaboration with external experts. In addition, it also carried out biodiversity monitoring and inspections of forest management areas.
(GBF Target 2: Restore 30% of all Degraded Ecosystems)

Circular Economy and Pollution Prevention

Approach Policy Governance Strategy Risk Management Metrics and Targets Initiatives

Approach

The IHI Group recognizes circular economy as one of its key environmental issues. To address this challenge, the Group aims to transition from the traditional linear economic model based on mass production, mass consumption, and mass disposal to a sustainable circular economic model in which resources are kept in circulation and utilized effectively. This also contributes to reducing environmental impacts on air, water, soil, and other aspects of the natural environment.
The IHI Group believes that a successful transition to a sustainable circular economic model requires managing the flow of resources across the entire value chain of each product and service—from design, procurement, manufacturing, and sales to use, and end-of-life disposal or collection. Accordingly, the Group considers it essential to work together with customers and business partners to examine how products can be recovered after use and how they can be transformed into resources for their next lifecycle.

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.

Governance

The IHI Group has established a subcommittee dedicated to the realization of a circular economy under its environmental governance framework. This subcommittee is responsible for formulating policies and strategies, identifying risks, and examining and promoting appropriate countermeasures.

Environmental Management and Activity Promotion Structure >

Strategy

The IHI Group defines the provision of value throughout the entire life cycle of its products and services as its Lifecycle Business (LCB). LCB refers to businesses that continue to provide long-term services after the sale of products and equipment, including maintenance, refurbishment, remanufacturing, and replacement. Through the expansion of its LCB activities, the Group aims to maximize customer value while strengthening its revenue base.
The IHI Group considers the circular economy to be one of the key perspectives for expanding its LCB. To incorporate this concept into its business activities, the Group is first promoting education and awareness initiatives to ensure that functional units involved throughout the product and service lifecycle—including procurement, design, manufacturing, use, and end-of-life disposal or collection—share a common understanding and vocabulary of the circular economy, enabling meaningful dialogues and discussions across organizational boundaries. In parallel, the Group is working to gradually incorporate circular economy principles into the rules governing the business processes handled by these units.

Risk Management

Environmental Risk Monitoring

The IHI Group conducts environmental risk audits through visits by head office personnel to its offices and plants. At each site, the Group checks whether measures are in place to prevent water, soil, and air pollution and whether management systems have been established for chemical substances, waste, and other related matters.
In fiscal 2025, audits were conducted at eight 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.

Waste Management

The IHI Group recognizes waste management as an important aspect of risk management for reducing environmental impacts on the air, water, soil, and other elements of the natural environment, as well as for preventing pollution. In advancing these efforts, the Group incorporates the principles of the circular economy, believing that doing so can enable more value-added resource circulation that goes beyond conventional recycling practices. As a framework for resource circulation, the IHI Group refers to the Butterfly Diagram proposed by the Ellen MacArthur Foundation, which illustrates the importance of selecting the most appropriate options—such as reuse, repair, remanufacturing, or recycling—according to the characteristics and condition of resources.
In addition, to promote appropriate resource recovery through recycling, it is essential to understand the information on chemical substances contained in waste and to properly provide and communicate such information to recycling operators and other parties responsible for resource recovery. Accordingly, based on the IHI Group's Basic Policy on Chemicals Information Management, the IHI Group is strengthening the management and provision of information on chemical substances contained in products throughout the reverse supply chain, including the waste treatment and resource recovery stages. Through these efforts, the Group is working to realize smooth and safe resource circulation.

Water Risks Management

To assess water risks, the IHI Group conducted a survey of water-stressed regions using the World Resources 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.

Pollution Prevention (for Air, Water, and Soil)

To prevent pollution of the air, water, and soil, the IHI Group clearly identifies the relevant substances, facilities, and areas subject to management, and evaluates risks based on the results of inspections, measurements, and equipment maintenance. The Group conducts ongoing monitoring to detect deviations and signs of abnormalities at an early stage. In the event of an abnormality, it investigates the root cause, implements corrective actions and measures to prevent recurrence, and, where appropriate, shares lessons learned and best practices across the Group.

Chemical Substance Management

To ensure effective chemical substance management, the IHI Group regularly reviews the scope and standards of controlled substances for its business sites, manufacturing facilities, and chemical substances contained in products, taking into account applicable laws and regulations, customer requirements, and international trends. The Group identifies and assesses risks associated with each stage of the chemical substance lifecycle—including use, storage, transportation, and disposal—and ensures the effectiveness of its management practices through training, audits, and corrective actions.

Metrics and Targets

Waste Emissions and Water Withdrawal: Targets and Results (IHI Group Environmental Action Plan 2023 [FY2023–2025])

(Scope: IHI and consolidated subsidiaries)

FY2025 Target	KPI	FY2022 (Base Year)		FY2023	FY2024	FY2025
Reduce waste emissions by 3% or more in FY2025 from that in FY2022	Reduction rate of waste emissions	Waste emissions 23,044 tons	Fiscal year target	1% reduction compared to FY2022	2% reduction compared to FY2022	3% reduction compared to FY2022
			Results	25,410 tons	21,942 tons	20,254 tons
			Compared to FY2022	10.3% increase	4.8% reduction	12.1% 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 amount determined	—	Fiscal year target	Revising the definition of recycling rate	Determine 50 wt% of total disposal	Re-definition of appropriate management indicators for resource recycling
			Results	The definition of recycling rate was revised and finalized	Determined 59.3 wt%	Definition of a new management indicator to replace the recycling rate completed
Reduce water withdrawal by 3% or more in FY2025 from that in FY2022	Reduction rate of water withdrawal	Water withdrawal 4,037 thousand m³	Fiscal year target	1% reduction compared to FY2022	2% reduction compared to FY2022	3% reduction compared to FY2022
			Results	5,844 thousand m³	4,662 thousand m³	4,289 thousand m³
			Compared to FY2022	44.8% increase	15.5% increase	6.3% increase

“Circular Economy” Targets (IHI Group Environmental Action Plan 2026 [FY2026–2028])

(Scope: IHI and consolidated subsidiaries)

Three-year Targets	FY2026 Target
Reduce water withdrawal by 3% or more from that in FY2025	Reduce water withdrawal by 1% or more from that in FY2025
Expand lifecycle business (LCB) with a focus on the circular economy	Examine business models by leveraging operational processes that incorporate circular economy principles Establish LCB by utilizing these models
Improve the accuracy of waste recycling rate calculations using electronic manifests	Increase the adoption rate of electronic manifests

Waste Emissions

(Scope: IHI and consolidated subsidiaries)

Item	FY2022		FY2023		FY2024		FY2025	
		Third-party Verification		Third-party Verification		Third-party Verification		Third-party Verification
Waste emissions (tons)	23,044	○	25,410	○	21,942	○	20,254	○
Of which, toxic waste emissions (tons)	156	○ (Domestic only)	128	○ (Domestic only)	150	○ (Domestic only)	232	○ (Domestic only)
Amount of valuable materials (recycled) (tons)	17,869	○	15,219	○	16,310	○	14,530	○

Water Withdrawal/Waste Water

(Scope: IHI and consolidated subsidiaries)

Item	FY2022	Third-party Verification	FY2023	Third-party Verification	FY2024	Third-party Verification	FY2025	Third-party Verification
Water withdrawal (1,000 ㎥)*	4,037		5,844		4,662		4,289	
Public water (1,000 ㎥)	670		2,326		728		753	
Industrial water (1,000 ㎥)	737	○	738	○	704	○	735	○
Groundwater (1,000 ㎥)	1,451		1,506		1,472		1,203	
Rainwater, rivers, lakes, etc. (1,000 ㎥)	1,180		1,274		1,758		1,598	
Waste water (1,000 ㎥)*	3,181	○	4,856	○	3,746		3,353	
Sewage (1,000 ㎥)	—		—		498		484	
Rivers(1,000 ㎥)	—		—		3,107		2,744	
Lakes, wetlands (1,000 ㎥)	—	—	—	—	0	○	0	○
Seawater or brackish water (1,000 ㎥)	—		—		140		125	
Underground penetration (1,000 ㎥)	—		—		0.03		0.01	

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

Third-party Verification of Data (180KB) PDF

Environmental Impact

Estimated Leakage Volume of Ozone-Depleting Substances (ODS)

(Unit: t-CO_2e, Scope: IHI and affiliated companies in Japan)

Item	FY2022	FY2023	FY2024	FY2025
HCFC	45.4	112.2	8.8	29.6

Volatile Organic Compounds (VOC) Emissions

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

Item	FY2022	FY2023	FY2024	FY2025
Toluene	48	48	52	38
Xylene	59	50	49	75
Ethylbenzene	37	39	40	40
Methyl isobutyl ketone	0	4	6	6
Tetrachloroethylene	2	2	2	2

Chemical Substance Emissions/Substances Transferred

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

Item	FY2022	FY2023	FY2024	FY2025
Emissions (atmosphere, public bodies of water, soil)	152	150	161	172
Transferred amount (sewage, waste)	85	93	63	56

Ratio of Treated Toxic Waste (Waste Containing PCBs)

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

Item	FY2022	FY2023	FY2024	FY2025
Electrical equipment containing high-concentration PCBs	100	100	100	100
Electrical equipment containing low-concentration PCBs	97.5	94.9	91.3	99.9
Electrical ballasts	69.5	83.7	99.7	100

Compliance with Environmental Laws and Regulations

The IHI Group aims to achieve zero environmental accidents and zero violations of environmental laws and regulations. To prevent recurrence, the Group properly identifies and monitors environmental accidents that occur at its sites, evaluates their severity, and analyzes the underlying factors contributing to their occurrence.
In fiscal 2025, 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		FY2023	FY2024	FY2025
Zero environmental accidents and environmental law violations	Number of environmental accidents and environmental law violations	Fiscal year target	Zero environmental accidents and environmental law violations	Zero environmental accidents and environmental law violations	Zero environmental accidents and environmental law violations
		Results	0	0	0

Number of Environmental Accidents and Violations of Law

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

Item	FY2022	FY2023	FY2024	FY2025
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

Initiatives

Resource Circulation and Waste Reduction

To advance resource circulation, the IHI Group is promoting a range of initiatives that combine waste reduction, proper waste treatment, and the promotion of resource recovery with efforts such as design for recycling incorporating circular economy principles, the development of materials and manufacturing methods, the review of management indicators, and human resource development.

Cooperation with Third Parties to Reduce Waste Emissions

The IHI Group works with expert consultants to operate a waste management system utilizing electronic manifests 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.

Innovation and R&D Contributing to Resource Circulation and Waste Reduction

The IHI Group is engaged in technological development and innovation aimed at facilitating the transition to a circular economy and reducing waste.
The Group considers it a key challenge to explore technological solutions that enable the effective use of resources and the reduction of waste generation throughout the entire lifecycle of its products and services. In fiscal 2025, through the activities of its dedicated subcommittee, the Group identified key technological directions aligned with the characteristics of its businesses, including aero engines, industrial machinery, and social infrastructure. These directions include extending product life, promoting reuse and remanufacturing, and advancing lifecycle management. While specific technologies and initiatives are still under consideration, the Group intends to further develop technologies and business activities that support the realization of a circular economy, thereby contributing to the development of a sustainable circular society.

Visualizing Resource Circulation (Review of Management Indicators)

The IHI Group is reviewing the definition of its recycling rate as one of the management indicators used to quantitatively assess efforts to reduce waste generation and the volume of waste sent to final landfill disposal. While the Group has traditionally conducted surveys and interviews with intermediate and final waste treatment operators, it is currently reviewing its approach, including methods for collecting the necessary data, in response to revisions to waste-related regulations that took effect in fiscal 2025.

Human Resource Development (Training and Workshops)

The IHI Group conducts educational activities to promote understanding of the circular economy throughout the organization.
In fiscal 2025, the Group produced an educational video explaining the relationship between circular economy principles and the IHI Group’s Lifecycle Business (LCB) and distributed it to relevant departments. In addition, interactive workshops were conducted for employees selected from business divisions, using case studies drawn from their respective businesses. Through these workshops, participants assessed the current situation, identified key issues, reviewed resource circulation processes, and explored opportunities for new business development, thereby deepening their understanding of circular economy concepts.

Water Resources Management

Optimization of Water Sources

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 selects the best source for water withdrawal.

Reduction of 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 year on year at each site. To support this effort, monthly water withdrawal volumes at each environmental management center are tracked and visualized through graphs, enabling year-on-year comparisons. This visualization of monthly water withdrawal trends also leads to the early detection of any leakage.

Pollution Prevention

Water Quality (Wastewater Management)

The IHI Group establishes and manages voluntary wastewater standards that are stricter than public standards set in laws and regulations, such as the Water Pollution Prevention Act, and ordinances adopted by local governments. By doing so, the Group seeks to ensure full compliance with wastewater standards and to preserve the water quality of public bodies 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 (Leak Prevention and Storage Management)

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 has implemented preventive measures against potential leaks through facility investments, such as by establishing liquid containment embankments with durable, highly chemical resistant interior coatings. At hazardous waste storage sites in particular, waste is, in principle, stored indoors and the Group strives to prevent leaks caused by bad weather conditions.

Chemical Substances Management

Policy and Scope

The IHI Group is committed to using chemical substances in a manner of 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 classifies chemical substances into two categories, those used at offices and plants and those contained in products, and it performs management tailored to the characteristics of each category.

Chemical Substances Management at Offices and Plants

The IHI Group complies with laws and regulations relating to chemical substances 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.
To ensure worker safety at offices and plants, the Group obtains and maintains Safety Data Sheets (SDS) for chemical substances. Based on the hazard information and properties of each chemical substance, the Group identifies optimal handling, and manages chemical substances appropriately. 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.

Monitoring of Pollutant Releases and Transfers (PRTR)

In accordance with the Pollutant Release and Transfer Register (PRTR) system, the IHI Group appropriately identifies the amounts of designated chemical substances into the air, public waters, and soil, as well as the amounts transferred to sewer systems and waste treatment facilities. The Group reports these data to the national government via the relevant prefectural authorities. In addition, the Group identifies 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.

Control of Atmospheric Emissions (Including VOCs)

The IHI Group 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 monitoring 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 low-VOC paints and improving paint management methods during painting processes.

Management of Chemical Substances Contained in Products

The IHI Group established the IHI Group's Basic Policy on Chemicals 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 that any prohibited chemicals are not contained or that any regulated substances contained are below the acceptable levels.

Proper Disposal of Hazardous Waste (Containing PCBs)

The IHI Group is working to properly dispose of waste containing polychlorinated biphenyls (PCBs) 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, 2026, the Group has successfully disposed of 100% of electrical equipment containing high-concentration PCBs and 99.9% of electrical equipment containing low-concentration PCBs. For electrical ballasts, the processing rate was 100%.

Society

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Human Resource Management/Human Resource Development

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.

Overall Policy

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

The IHI Group reports important policies and initiatives related to human resource management to the Board of Directors and conducts decision-making and monitoring through the Management Human Resource Development Committee and the Management Committee, where discussions are held from a business perspective. Regarding human resource management measures developed by the head office's Human Resources Division, information is shared and views are exchanged with human resources managers in the business areas through HRBP meetings, thereby enhancing the effectiveness of these measures.

Human Resource Management Council Bodies

Names	Management Human Resource Development Committee	HRBP Council
Aims	Discussing human resource management from a business perspective	Discussing human resource measures within the Group
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, human resource manager of each business area, and human resource managers of Business Units
Frequency of meetings convened in FY2025	As needed	Monthly

Strategy

The IHI Group places alignment between management direction and the actions and mindsets of each employee at the core of its human capital strategy.
By sharing the direction set out in its strategy through a common talent profile and behavioral guidelines, and by fostering alignment through human resource management and mutual understanding between management and employees, the Group aims to enable the entire organization to move forward in the same direction.

Human Capital Strategy

Under the Group Human Talent Strategy 2023, based on the Group Management Policies 2023, the IHI Group has set the Group's future vision to become a "Good + Strong" company as well as one realizing "Growth + Well-Being" for all individuals, and has reformed its evaluation system and built a corporate culture that can assess the challenges of creating change. While maintaining this overall direction, the IHI Group will continue to pursue balancing a "Good + Strong" company with people's "Growth + Well-Being" in alignment with its Medium-to-Longer-Term Direction toward 2040, with a focus on the following three priorities:
(1) Unlock the full potential of our people to develop talent that drives sustainable growth
(2) Build a culture where challenge and support reinforce each other to create new value
(3) Build an inclusive workforce where people collaborate with each other and with AI, turning differences into strength
In addition, as the value of talent continues to evolve in response to changes in the social environment and business structure, the IHI Group will redefine its approach to human capital in line with its business direction and begin to establish a new foundation for human resource management, thereby accelerating the creation of sustainable value across the Group.

Human Capital Strategy Toward 2040

Human capital strategy

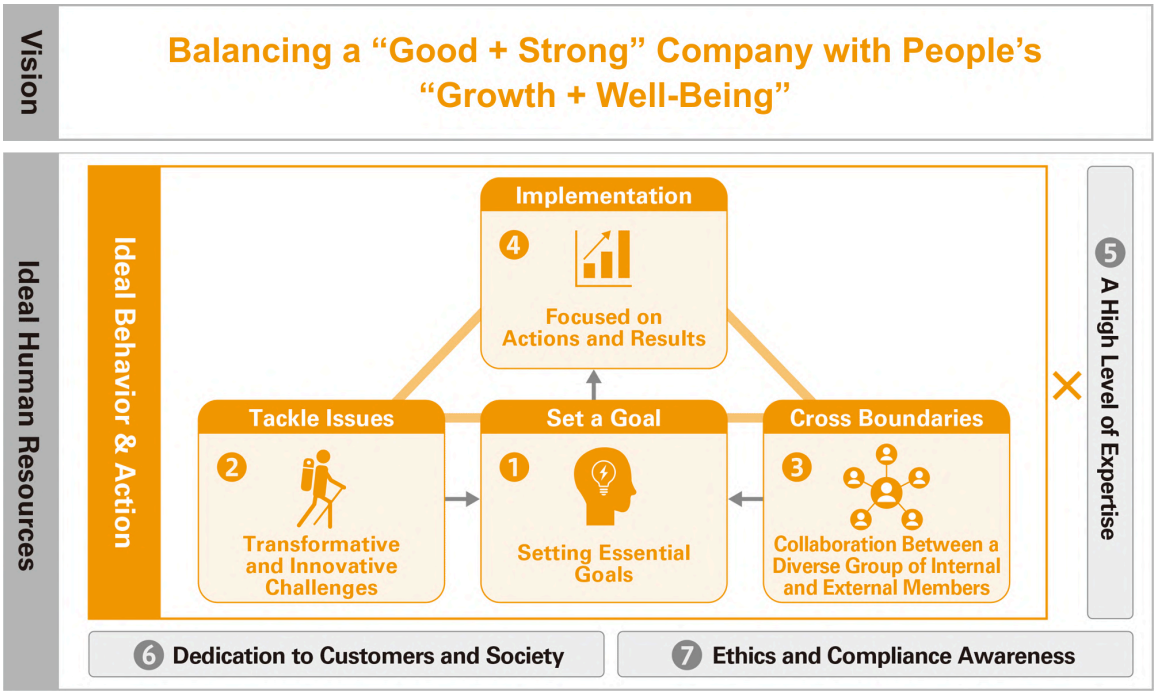
Future vision: Balancing a "Good + Strong" Company with People's "Growth + Well-Being"

Key initiatives toward 2040

- Unlock the full potential of our people to develop talent that drives sustainable growth
- Build a culture where challenge and support reinforce each other to create new value
- Build an inclusive workforce where people collaborate with each other and with AI, turning differences into strength

Ideal Human Resources and Ideal Behavior & Action

To create new value across the IHI Group, the 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. In addition, the Group presents 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.
These “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 will encourage changes in the behavior of individual employees and leverage such changes to realize transformation.



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 2025, the Group recruited 362 recent graduates (compared to a target of 414) and 598 mid-career hires (compared to a target of 585). 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.
Employee engagement in fiscal 2025 was 59 points, an increase of 4 points from fiscal 2024. Items for which there was a particularly noticeable increase included: "Employee Enablement," "Development Opportunities," and "Respect & Recognition."
Furthermore, following the holding of presentations for managers 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 2025, a total of 53 employees were transferred to new posts using this system; since the system was first introduced, a cumulative total of 458 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 annual total number of participants is over 33,000.

Metrics and Targets

Engagement

Employee-awareness Surveys

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Employee engagement score (out of 100)	IHI and affiliated companies	Points	53	54	55	59
Ratio of answered employee-awareness surveys	IHI and affiliated companies	%	84	83	85	86

Employees Union Membership Rate

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Employees union membership rate	IHI and affiliated companies in Japan	%	60	62	63	68

Number of Labor Complaints Received

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of labor complaints received	IHI	Reports	0	0	0	0

Number of Employees

Number of Group Employees

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Consolidated number of employees	IHI and consolidated subsidiaries	People	28,486	28,237	27,990	26,224
Number of IHI employees	IHI	People	7,768	7,840	7,911	8,199
Male*	IHI	People	6,695	6,753	6,773	7,026
Female*	IHI	People	1,073	1,087	1,138	1,166
Ratio of female employees	IHI	%	13.8	13.9	14.4	14.2

* The scope of the analysis is limited to employees whose gender information could be confirmed.

Number of Employees by Region

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Japan	IHI and consolidated subsidiaries	People	21,266	21,187	21,316	20,239
Asia Pacific	IHI and consolidated subsidiaries	People	3,902	3,912	3,723	3,489
Americas	IHI and consolidated subsidiaries	People	1,406	1,443	1,284	1,104
Europe, Middle East, and Africa	IHI and consolidated subsidiaries	People	1,912	1,695	1,667	1,392

Number of Employees by Business Area

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Resources, Energy & Environment	IHI and consolidated subsidiaries	People	6,626	6,434	5,973	5,733
Social Infrastructure	IHI and consolidated subsidiaries	People	2,344	2,396	2,379	1,741
Industrial Systems & General-Purpose Machinery	IHI and consolidated subsidiaries	People	9,645	9,574	9,292	8,102
Aero Engine, Space & Defense	IHI and consolidated subsidiaries	People	7,010	7,111	7,520	7,812
Others	IHI and consolidated subsidiaries	People	1,802	1,624	1,601	1,607
Entire company (common)	IHI and consolidated subsidiaries	People	1,059	1,098	1,225	1,229

Number of Employees by Age (Male/Female)*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Under 30	IHI	People	1,452	1,137	1,085	1,057
Male	IHI	People	1,261	978	925	897
Female	IHI	People	191	159	160	160
30 to 39	IHI	People	2,341	2,405	2,424	2,487
Male	IHI	People	2,035	2,101	2,102	2,150
Female	IHI	People	306	304	322	337
40 to 49	IHI	People	2,090	2,014	2,000	2,085
Male	IHI	People	1,745	1,720	1,704	1,769
Female	IHI	People	345	294	296	316
50 to 59	IHI	People	1,664	1,912	1,997	2,071
Male	IHI	People	1,445	1,610	1,677	1,721
Female	IHI	People	219	302	320	350
60 and over	IHI	People	221	372	405	469
Male	IHI	People	209	344	365	425
Female	IHI	People	12	28	40	44

* The scope of the analysis is limited to employees whose age and gender information could be confirmed.

Number and Ratio of Employees from Abroad*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of employees from abroad	IHI	People	66	59	36	60
Ratio of employees from abroad	IHI	%	0.8	0.8	0.5	0.7

* The scope of calculation was revised in FY2024.

Number and Ratio of Employees by Nationality[*1]

Item		Scope	Unit	FY2025
Japan	Number	IHI	People	8,106
	Ratio	IHI	%	99.27
China	Number	IHI	People	16
	Ratio	IHI	%	0.20
South Korea	Number	IHI	People	13
	Ratio	IHI	%	0.16
Malaysia	Number	IHI	People	5
	Ratio	IHI	%	0.06
Thailand	Number	IHI	People	4
	Ratio	IHI	%	0.05
India	Number	IHI	People	4
	Ratio	IHI	%	0.05
France	Number	IHI	People	3
	Ratio	IHI	%	0.04
United Kingdom	Number	IHI	People	2
	Ratio	IHI	%	0.02
Algeria	Number	IHI	People	2
	Ratio	IHI	%	0.02
Vietnam	Number	IHI	People	2
	Ratio	IHI	%	0.02
Others[*2]	Number	IHI	People	9
	Ratio	IHI	%	0.11

*1 The scope of the analysis is limited to employees whose nationality information could be confirmed.

*2 One person each from Kenya, Mongolia, Russia, Sweden, Taiwan, Spain, Sri Lanka, Germany, and Turkey.

Number of Employees by Employment Status

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Regular employment	Regular employees	IHI	People	7,358	7,416	7,479	7,710
	Male	IHI	People	6,339	6,381	6,392	6,544
	Female	IHI	People	1,019	1,035	1,087	1,166
	Ratio of female employees	IHI	%	13.8	14.0	14.5	15.1
	Seconded by other companies	IHI	People	283	286	283	272
	Male	IHI	People	232	238	237	224
	Female	IHI	People	51	48	46	48
	Ratio of female employees	IHI	%	18.0	16.8	16.3	17.6
Non-regular employment	Re-hires	IHI	People	127	138	149	210
	Male	IHI	People	124	134	144	205
	Female	IHI	People	3	4	5	5
	Ratio of female employees	IHI	%	2.4	2.9	3.4	2.4
	Advisors and contract employees	IHI	People	117	129	140	162
	Male	IHI	People	109	120	132	152
	Female	IHI	People	8	9	8	10
	Ratio of female employees	IHI	%	6.8	7.0	5.7	6.2
	Part-time employees	IHI	People	436	453	466	478
	Male	IHI	People	77	73	71	65
	Female	IHI	People	359	380	395	413
	Ratio of female employees	IHI	%	82.3	83.9	84.8	86.4
	Fixed-term employees	IHI	People	15	31	28	60
	Male	IHI	People	9	18	19	46
	Female	IHI	People	6	13	9	14
	Ratio of female employees	IHI	%	40.0	41.9	32.1	23.3

Number of Temporary Employees

Item	Scope	Unit	FY2022	FY2023*	FY2024	FY2025
Temporary employees	IHI	People	998	823	1,161	1,342

* 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

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
All employees	IHI	Years	16.5	16.6	16.1	15.6
Male	IHI	Years	16.6	16.7	16.2	15.7
Female	IHI	Years	15.8	16.0	15.4	15.0

Turnover Rate

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Total turnover rate		IHI	%	2.7	2.8	2.7	2.9
	Male	IHI	%	—	—	3.0	3.1
	Female	IHI	%	—	—	1.4	1.7
Rate of resignation due to personal reasons		IHI	%	1.5	1.5	1.5	1.4
Rate of resignation due to personal reasons by age	Under 30	IHI	%	3.7	3.0	2.3	2.3
	30 to 39	IHI	%	1.9	0.6	1.8	1.9
	40 to 49	IHI	%	0.5	1.0	1.2	1.0
	50 to 59	IHI	%	0.1	0.2	3.0	3.0
	60 and over	IHI	%	26.4	14.5	16.6	17.9
Turnover rate within 3 years of joining the Company		IHI	%	5.5	5.3	4.6	3.3

Employee Turnover

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Turnover during 1 year		IHI	People	203	208	209	228
	Male	IHI	People	175	182	194	208
	Female	IHI	People	28	26	15	20
	Ratio of female employees	IHI	%	13.8	12.5	7.2	8.8

Recruitment Results

New Graduate and Mid-career Recruitment Results

Item			Scope	Unit	FY2022	FY2023	FY2024	FY2025
Total number of employees			IHI and affiliated companies in Japan	People	—	685	852	960
	Male		IHI and affiliated companies in Japan	People	—	577	682	826
	Female		IHI and affiliated companies in Japan	People	—	108	170	134
	Ratio of female hires		IHI and affiliated companies in Japan	%	—	16	20	14
	New graduate recruitment	Total	IHI and affiliated companies in Japan	People	—	358	384	362
		Male	IHI and affiliated companies in Japan	People	—	302	320	304
		Female	IHI and affiliated companies in Japan	People	—	56	64	58
		Ratio of female hires	IHI and affiliated companies in Japan	%	—	16	17	16
	Mid-career recruitment	Total	IHI and affiliated companies in Japan	People	—	327	468	598
		Male	IHI and affiliated companies in Japan	People	—	275	362	522
		Female	IHI and affiliated companies in Japan	People	—	52	106	76
		Ratio of female mid-career hires	IHI and affiliated companies in Japan	%	—	16	23	13
Number of hires at IHI			IHI	People	196	376	442	589
	Male		IHI	People	156	316	360	506
	Female		IHI	People	40	60	82	83
	Ratio of female hires		IHI	%	20	16	19	14
New employees by age group		Under 30	IHI	People	116	152	189	296
		30 to 39	IHI	People	24	56	81	171
		40 to 49	IHI	People	12	30	36	104
		50 to 59	IHI	People	4	16	16	17
		60 and over	IHI	People	4	3	6	1

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

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Share of open positions filled through internal recruitment (Managers only)	IHI	%	—	—	97.3	97.0

Average Recruitment Costs per Employee

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Average recruitment costs per employee	IHI	Yen	711,528	1,040,766	1,103,790	1,385,944

Number of Career Challenge Program Transferees

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of transferees	IHI and affiliated companies in Japan	People	112	89	56	53

Training Results

Participants in Main Training Courses and Number of Total Training Hours

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Stratified Training	Participants	IHI and affiliated companies in Japan	People	795	871	920	1,136
	Total training hours	IHI and affiliated companies in Japan	Hours	25,960	29,616	19,726	22,324
Selective Training	Participants	IHI and affiliated companies in Japan	People	37,057	27,920	33,808	33,958
	Total training hours	IHI and affiliated companies in Japan	Hours	88,822	71,348	79,248	69,988
Mandatory Courses	Participants	IHI and affiliated companies in Japan	People	282,415	412,942	362,973	444,093
	Total training hours	IHI and affiliated companies in Japan	Hours	170,164	362,415	206,858	223,078
Senior Management Candidate Training	Participants	IHI and affiliated companies in Japan	People	118	359	144	96
	Total training hours	IHI and affiliated companies in Japan	Hours	10,525	47,444	5,762	4,733
Professional Development Training	Participants	IHI and affiliated companies in Japan	People	249	186	180	88
	Total training hours	IHI and affiliated companies in Japan	Hours	7,615	5,725	5,289	2,966
Division-specific/Affiliated company-specific training	Participants	IHI and affiliated companies in Japan	People	—	70,147	63,752	54,215
	Total training hours	IHI and affiliated companies in Japan	Hours	—	216,303	178,460	191,234

Training Hours per Employee

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Training hours per employee	IHI and affiliated companies in Japan	Hours	14.3	34.9	23.4	24.2

Training Expense per Employee

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Training expense per employee	IHI and affiliated companies in Japan	Yen	23,512	40,380	40,432	47,351

Career Development

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

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Total	IHI and affiliated companies in Japan	People	15,327	14,939	14,455	12,500
Male*	IHI and affiliated companies in Japan	People	13,024	12,605	12,191	10,438
Female*	IHI and affiliated companies in Japan	People	2,303	2,334	2,264	2,062

Employees Certified as Master Artisans

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of employees certified	IHI	People	41	37	38	40
Soma	IHI	People	12	15	16	13
Mizuho	IHI	People	10	8	8	13
Tomioka	IHI	People	1	1	1	2
Yokohama	IHI	People	9	5	5	3
Aioi	IHI	People	3	3	3	4
Kure	IHI	People	6	5	5	5

Initiatives

Recruitment

New graduate hires

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.

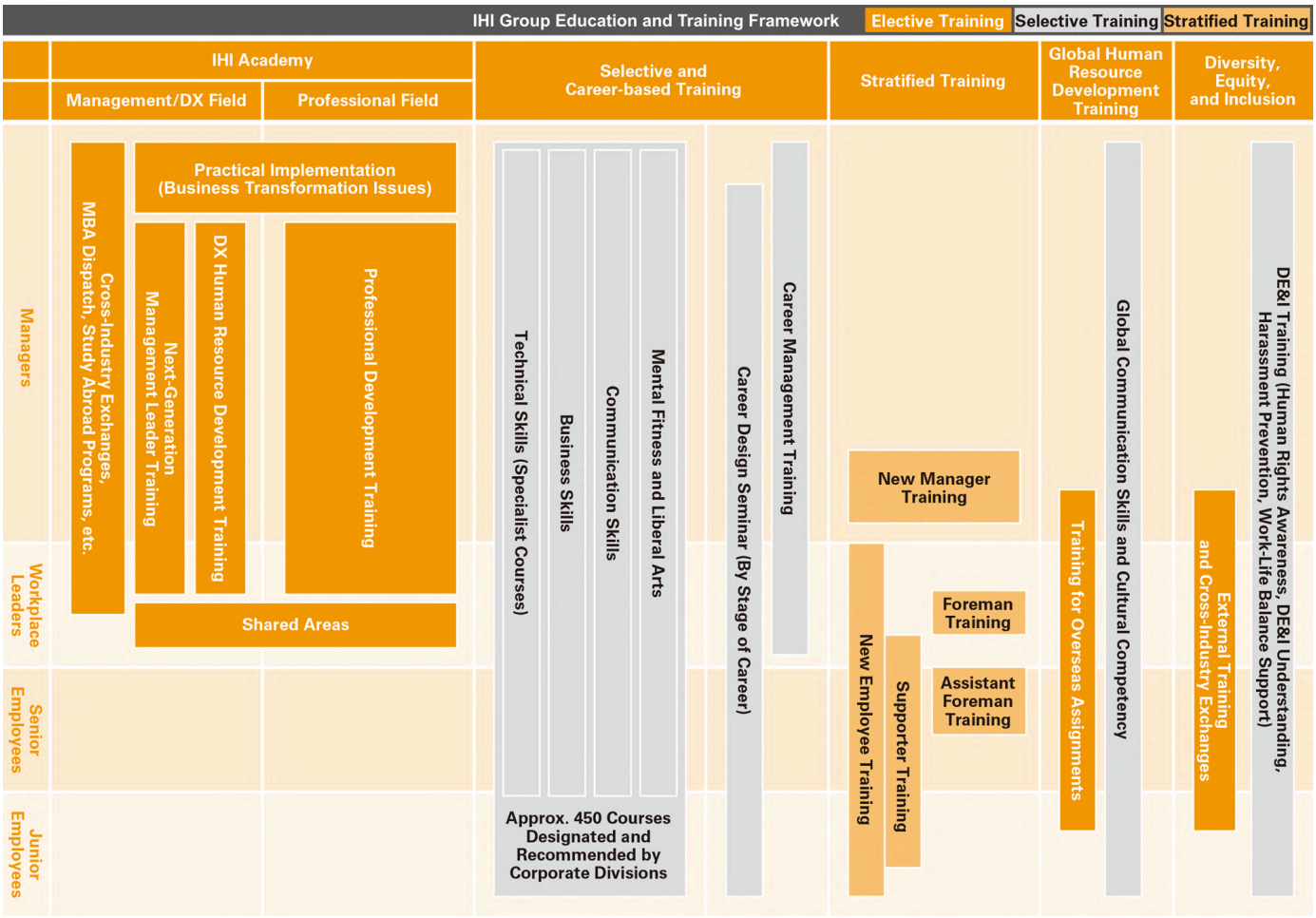
Mid-career Recruitment

In order to achieve the sustainable high growth outlined in its Medium-to-Longer-Term Direction toward 2040, 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 growth 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

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).

IHI Group Education and Training Framework



IHI Academy (Providing Training and Skills Enhancement for Senior Managers and Specialist Human Resources to Lead Transformation)

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.

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 2025 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.

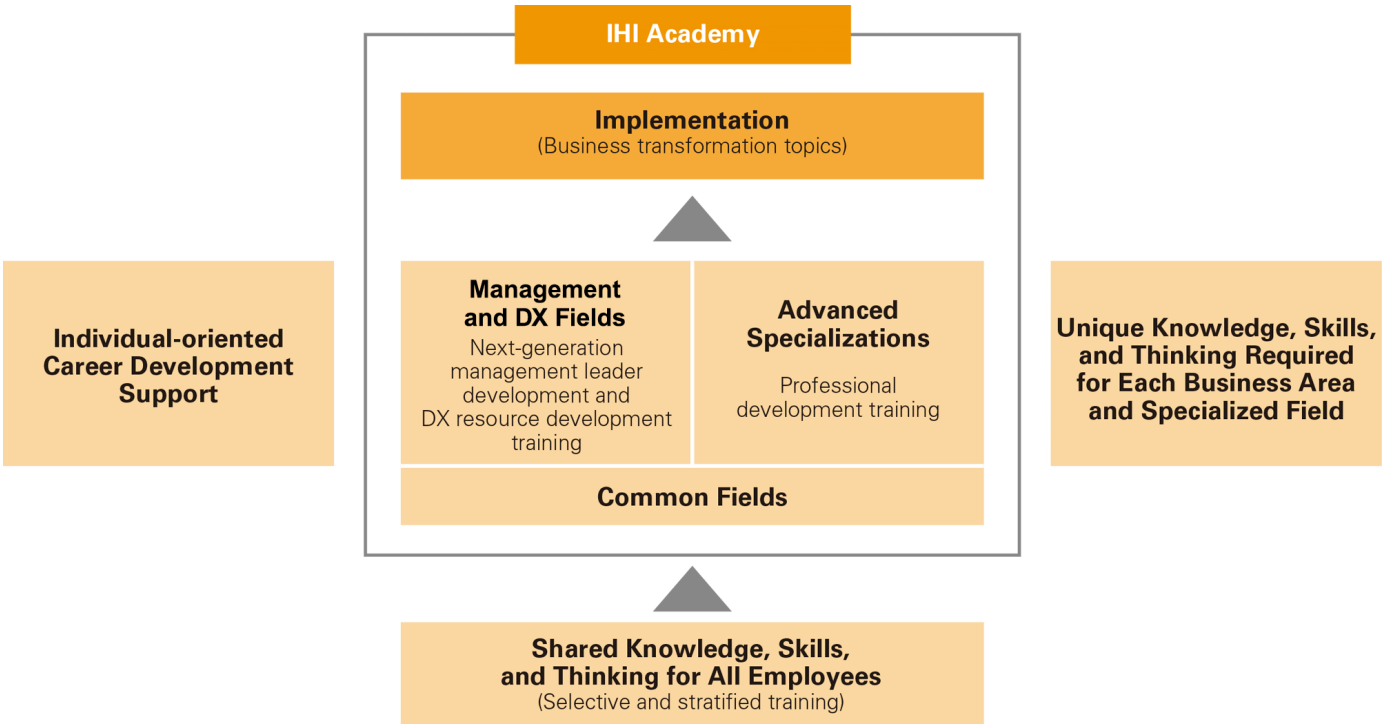
DX Human Resource Development Training

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 Innovation Platform Agency, Japan (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 IHI Academy Initiatives



Master Artisans Program and 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.

Selective Training

The IHI Group has built and expanded Selective Training programs as a foundation for learning open to all employees, providing support to help employees independently shape their careers and acquire skills. The programs provide a framework for employees to choose and learn various subjects anytime, anywhere according to their career plan.
In fiscal 2025, 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 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.

Examples of Selective Training 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

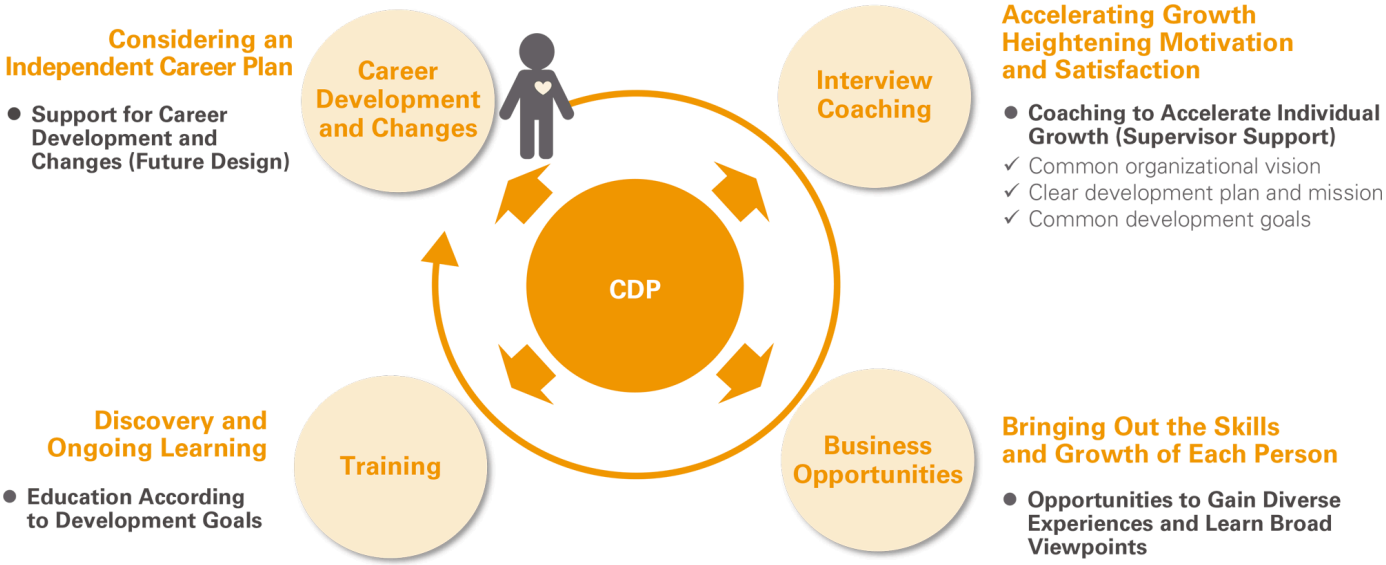
IHI Human Resources Development & Communication Center

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.

Career Development

Career Development Program (CDP)

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 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 or external career advisor; to date, a total of around 310 employees have used the support desk.

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.

Providing Opportunities to Cross Boundaries and Tackle Issues

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.
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.

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 2025, a total of 458 employees have made use of the system to arrange transfers, and have taken on new career challenges.

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 2025, employees have registered approximately 140 different side businesses, around 30 concurrent positions, involving a total of about 120 individuals.

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.

Evaluation and Compensation

Performance Evaluation

The IHI Group aims to enhance the organization's overall capability to execute its strategies through individual growth by linking management policies and business strategies with individual goals. Specifically, in setting goals through dialogue between supervisors and subordinates, performance goals related to results and behavioral goals based on the "Ideal Behavior & Action" are established. Through one-to-one meetings conducted during the fiscal year, the Group promotes individual growth and improvements in organizational performance by providing appropriate goal setting and feedback. Through the accumulation of both behaviors and results, the Group creates a state in which strategy execution and human resource growth are linked in daily operations. In addition, to enhance managers' self-awareness and strengthen their management capabilities, the Group conducts annual 360-degree feedback assessments involving supervisors, subordinates, and colleagues. Through multi-perspective assessments, managers gain insights into their strengths and areas for improvement, leading to behavioral change and improvements in management quality.
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.

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 ensure that wages are at or above the statutory 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.

Participation in Corporate Growth

The IHI Group is promoting initiatives to establish mechanisms that enable the company and its employees to grow together in the same direction, allowing employees to experience the company's growth as their own achievement and share in that growth over the long term.

Optional Supplementary Defined Contribution Benefit Pension System

In addition to its retirement benefit system, the IHI Group has introduced an optional supplementary defined contribution benefit pension system as a means of asset building that employees can choose according to their own life plans and future goals.
By creating an environment in which each employee can proactively engage in asset building with an eye to the future, the Group aims to foster a mindset of sustainable growth together with the company, grounded in a long-term sense of security.

Employee Stock Ownership System

IHI has established an employee stock ownership system that allows employees to continuously invest in IHI shares starting from small amounts. In addition to contributions deducted from salaries and bonuses, the company provides an incentive program, creating a mechanism through which employees can participate in the company's medium- to long-term growth and experience the benefits of that growth as part of their own asset building. As of March 2026, the percentage of employees participating in the Employee Stock Ownership System was 56.35%.

Mutual Understanding Between Management and Employees

The IHI Group regards mutual understanding between management and employees as an important initiative to maintain and strengthen alignment between management direction and the actions and mindsets of each employee. The IHI Group has established systems for dialogue and exchange of views across the Group, and senior management, managers, and the human resources divisions work together to create an environment that connects management intentions with employee mindsets.

Major offices and affiliated companies hold dialogues between senior management and employees. In fiscal 2024, views were exchanged on the themes of quality, safety, compliance, and DE&I, and in fiscal 2025, on Group-wide key measures. Feedback gathered through these dialogues is provided to senior management and linked to necessary actions, thereby promoting understanding of strategy and improvements in employee engagement.

Business areas, Business Units, and sites also provide opportunities for dialogue between management or business area executives and employees. Through two-way exchanges of views, on-the-ground feedback and issues are identified and reflected in measures for each business area and organization.

In addition, the Group held company-wide meetings, in which the President directly communicated management messages to all Group employees and engaged in two-way communication with DE&I as the theme in fiscal 2024 and organizational culture aligned with the Medium-to-Longer-Term Direction as the theme in fiscal 2025. Regarding organizational culture, the Group defined the direction of its desired organizational culture through surveys and dialogue with all Group employees. Going forward, the Group will work to embed it through daily actions and dialogue.

Diversity, Equity, and Inclusion (DE&I)

Approach Policies Governance Strategy Risk Management Metrics and Targets Initiatives

Approach

Based on its Medium-to-Longer-Term Direction and its corporate responsibility to respect human rights, the IHI Group positions collaboration with diverse human resources as a key management issue. As one of the initiatives to achieve this objective, the 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 culture to incorporate a DE&I approach 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 organizational 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

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 conducted since 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 2026, for IHI Corporation this percentage was 6.9% (with a total of 196 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.

Metrics and Targets

DE&I Targets and Results

KPI	Target	Target Year	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Female recruitment rate	University graduates: About 20%	2026	IHI	%	14.3	19.8	19.8	17.5
Ratio of female Managers	15% (FY2030)	2026/2030	IHI	%	4.7	5.3	5.8	6.1
Ratio of female Officers*1	30% or more	2030	IHI	%	17.6	17.6	29.4	29.0
Ratio of employees with disabilities	2.7%	2026	IHI	%	2.55	2.62	2.58	2.64
Percentage of eligible male employees taking paternity leave or paid time off for childcare*2	Promote all applicable male employees to take childcare leave of at least a week, and promote 2 or more weeks	2025	IHI	%	90.1	124.9	231.7	205.6

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

*2 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

Education and Training

DE&I Training Participants

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
DE&I	DE&I Heated Classroom	Divisions that wish to participate	People	—	—	1,000	340
	Seminars relating to DE&I	IHI and affiliated companies in Japan	People	—	600	364	300
	DE&I experiential activities	IHI and affiliated companies in Japan	People	—	—	432	1,253
	Company-wide DE&I E-learning*	IHI and affiliated companies in Japan	People	—	—	19,671	43,200
	DE&I Elective E-learning Program	IHI and affiliated companies in Japan who wish to participate	People	—	—	—	1,242
Female empowerment and work-life balance support	Career Transit Program	Female employee candidates for managerial positions in IHI and affiliated companies in Japan	People	—	—	173	65
	Coexistence Support Seminar	IHI and affiliated companies in Japan	People	281	483	362	945
Active participation by diverse human resources	LGBTQ+ Ally conference	IHI and Japanese affiliated companies in Japan	People	—	99	110	20
	Training and exchange of employees from abroad	IHI and Japanese affiliated companies in Japan	People	—	12	16	28

* Cumulative number of participants

Recruitment Results

New Graduate and Mid-career Recruitment Results

Human Resource Management / Recruitment Results — Recruitment Results — New Graduate and Mid-career Recruitment Results >

Board Diversity

Number of Officers*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of Officers	IHI	People	17	17	17	17
Male Officers	IHI	People	14	14	12	12
Female Officers	IHI	People	3	3	5	5
(Of which, independent officers)	IHI	People	3	3	4	4

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

Ratio of Female Officers*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Ratio of female Officers	IHI	%	17.6	17.6	29.4	29.0

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

Management Diversity

Number of Managers (by position, gender)*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of Managers	IHI	People	2,643	2,707	2,622	2,792
Male Managers	IHI	People	2,519	2,563	2,469	2,621
General Managers	IHI	People	1,004	1,026	978	1,062
Section Managers	IHI	People	1,515	1,537	1,491	1,559
Female Managers	IHI	People	124	144	153	171
General Managers	IHI	People	38	39	42	43
Section Managers	IHI	People	86	105	111	128

* As of April 1 each year.

Ratio of Managers*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Ratio of Male Managers	IHI	%	95.3	94.7	94.2	93.9
Ratio of General Managers	IHI	%	96.4	96.3	95.9	96.1
Ratio of Section Managers	IHI	%	94.6	93.6	93.1	92.4
Ratio of Female Managers	IHI	%	4.7	5.3	5.8	6.1
Ratio of General Managers	IHI	%	3.6	3.7	4.1	3.9
Ratio of Section Managers	IHI	%	5.4	6.4	6.9	7.6

* As of April 1 each year.

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

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Managers in business divisions	IHI	People	—	—	2,009	2,066
Male	IHI	People	—	—	1,928	1,976
Female	IHI	People	—	—	81	90
Female ratio	IHI	%	—	—	4.0	4.4

Number of Managers Among Employees from Abroad*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of Managers Among Employees from Abroad	IHI	People	16	22	18	18
Of which, General Managers	IHI	People	3	7	3	1
Of which, Section Managers	IHI	People	—	15	15	17

* As of April 1 each year.

Diversity in Technical Roles

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

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of Employees in Technical Roles (STEM-Related Roles)	IHI	People	—	—	1,007	1,001
Male	IHI	People	—	—	883	878
Female	IHI	People	—	—	124	123
Female ratio	IHI	%	—	—	12	12

Wage Disparity

Male-Female Wage Disparity*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Male-Female Wage Disparity	IHI	%	64.4	65.9	67.0	68.4

* 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*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Ratio of Employees with Disabilities	IHI	%	2.55	2.62	2.58	2.64

* As of June 1 each year.

Re-employment Rate of Employees at Retirement Age

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Re-employment rate of employees at retirement age	IHI	%	100	81	78	85

Work-Life Balance

Work Hours

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Monthly average overtime	IHI	Hours per person	21.6	21.9	21.3	22.1
Annual work hours	IHI	Hours per person	1,984.5	1,972.7	1,966.5	1,976.3

Average Annual Paid Vacation Days Taken

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Average annual paid vacation days taken	IHI	Days	18.7	19.8	19.6	19.5

Leave Acquisition Status

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Employees who have used the reduced work hour program	IHI	People	140	141	167	125
Employees who have taken childcare leave	IHI	People	1,010	995	1,212	1,265
Employees who have taken parental leave	IHI	People	198	185	233	262
Male	IHI	People	78	89	142	185
Female	IHI	People	120	96	91	77
Percentage of employees who return to work after parental leave	IHI	%	99.6	98.3	100	100
Employees who have taken nursing care leave	IHI	People	3	10	13	2

Ratio of Male Employees Who Took Paternity Leave or Paid Time Off for Childcare*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Ratio that took leave (1 Week or More)	IHI	%	90.1	124.9	231.7	205.6

* 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 set fiscal 2024 as the year to broadly launch DE&I efforts, and actively rolled out training programs and experiential content to spread awareness and understanding of DE&I among the Group's employees. In addition, the Group held its first-ever company-wide meeting that brings together all of the IHI Group's global business locations, enabling direct communication between management and employees. Through initiatives such as panel discussions, with the Chief Executive Officer (CEO) participating, the Group disseminated the message of how important DE&I is to the IHI Group.
In fiscal 2025, the Group expanded its activities to embed and establish DE&I in daily operations. Focusing on creating workplaces where employees feel comfortable speaking up, which serves as a starting point for active participation by diverse human resources, the Group held lectures and dialogue sessions featuring external experts at production-sites. In companies that had undergone business integration, the Group promoted initiatives tailored to workplace realities and needs, such as conducting workshops to support the integration of organizational cultures. At the second company-wide meeting, the Group engaged in dialogue on the organizational culture that the IHI Group aspires to build for the future, with DE&I serving as its foundation.

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 daily initiatives in the workplace such as cultivation and coaching by supervisors with targeted career development opportunities 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.
Through these initiatives, the Group systematically fosters career awareness among candidates for managerial positions and supports their development, thereby creating a sustainable pipeline of female leaders.

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 low proportion 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.
Furthermore, in recognition of its efforts to foster an organizational culture embracing DE&I, create such workplaces, and support the success of each employee, IHI was selected as a fiscal 2024 Barrier-Free Mindset good practice company announced by the Tokyo Metropolitan Government.

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.

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 2025, as part of initiatives for Pride Month (held annually in June) to deepen understanding of LGBTQ+ rights and DE&I, the Group provided banner sponsorship for Tokyo Pride 2025, and volunteer employees and their family members or partners took part in the Pride Parade. In November 2025, the Group held its fourth ally conference, which was co-hosted with Toshiba Corporation for the first time. The conference featured talks by LGBTQ+ individuals and ally employees, as well as discussions with online participants.
In terms of HR policies and employee benefits, the Group extends spousal-equivalent treatment to same-sex partners with respect to employee benefits and workplace policies, such as condolence and congratulatory payments and special leave, except where legal requirements preclude such treatment. In addition, IHI has enhanced its HR systems to support workforce management based, in principle, on employees' chosen names and self-identified gender. IHI also has established mechanisms to receive and address consultations regarding SOGI-related harassment[*3] through its harassment consultation channels, as well as a dedicated service that enables employees to seek support for LGBTQ+ matters anonymously. In September 2025, IHI established the LGBTQ+ Response Guidelines for Human Resources Personnel and has been rolling out training to human resources personnel.

*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-related harassment: Harassment related to sexual orientation or gender identity

Promoting Diverse Workstyles

Systems for Realizing Diverse Workstyles

The IHI Group is working to create a workplace environment in which each employee can work comfortably while balancing work and personal life according to their individual lifestyles and values.

Systems for Realizing Diverse Workstyles

Name of System or Initiative	Main Features or Content	Paid/Unpaid	Scope of Application
Remote work system	This system allows employees to work from home or from an equivalent location. Eligible employees may use the system with company approval when it is expected to improve work efficiency (as a general rule, remote working is not available for frontline staff working in plants, etc.).	—	IHI and 29 affiliated companies in Japan
Family support remote work	This system allows employees, with approval, to work remotely for up to three years from their own or their partner's family home or other suitable location if they temporarily need to provide childcare or family care, or if they need to accompany their partner on transfer to another location.	—	IHI and 2 affiliated companies in Japan
Flextime system	This system enables employees to decide for themselves what time they begin and finish work each day. It applies to departments where allowing employees discretion over their start and finish times is expected to improve overall working efficiency, help employees balance work and family responsibilities, and support their health. It may also be applied on an individual basis, including to employees eligible for shortened working hours for childcare or caregiving.	—	IHI and 27 affiliated companies in Japan
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.	Non-working days are unpaid.	IHI and 7 affiliated companies in Japan
Spousal Transfer Leave System	This system allows 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.	—	IHI and 15 affiliated companies in Japan
Promoting Extended Leave Combined with Regular Days Off	This initiative encourages employees to take planned extended leave by combining approximately three days of annual paid leave with regular days off, with the aim of supporting physical and mental refreshment.	Paid	IHI and 10 affiliated companies in Japan

Balancing Work and 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, with separate programs provided for employees returning to work and their supervisors. It helps 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	Employees giving birth may take leave from eight weeks before the expected birth date (16 weeks in the case of a multiple pregnancy) until eight weeks after childbirth. Employees whose spouse gives birth may take up to 10 days of leave between the date of childbirth, or the date of hospital admission for a hospital birth, and the child's first birthday.	Employee giving birth: Unpaid Employee whose spouse gives birth: Paid	Employee giving birth: IHI and affiliated companies in Japan (available days may vary in some cases) Employee whose spouse gives birth: IHI and affiliated companies in Japan (available days may vary in some cases)
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 affiliated companies in Japan (Eligibility requirements may vary for some employees.)
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 affiliated companies in Japan (Eligibility requirements may vary for some employees.)
Child Care 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 28 affiliated companies in Japan (Eligibility and grant conditions may vary by company.)
Childcare Support and Child Nursing Care Leave	Employees who take care of a child can take up to 20 days of leave per year to provide care or nursing for their child, until the time when the child finishes the third grade of elementary school.	Unpaid	IHI and affiliated companies in Japan (Eligibility requirements may vary for some companies.)
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 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 and 13 affiliated companies in Japan

Balancing Work and 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	Employees who have family members requiring care may take caregiving leave for a cumulative period of up to three years for each family member requiring care.	Unpaid	IHI and 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 affiliated companies in Japan (Eligibility requirements may vary for some companies.)
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 and affiliated companies in Japan (Eligibility requirements may vary for some companies.)
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

Balancing Work and 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

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 26 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 12 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 23 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 14 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

Occupational Health and Safety/Well-Being

Approach Policies Governance Strategy Risk Management Metrics and Targets Initiatives

Approach

As part of the Management Philosophy and the Basic Code of Conduct for the IHI Group, the IHI Group believes ensuring a safe and comfortable environment for everyone is one of its most important corporate responsibilities. In particular, the Group positions ensuring health and safety as one of the foundations of its business activities. Every month, the Group shares the progress of Group-wide occupational health and safety 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 Group Safety and Health, 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 Group Safety and Health and is vice chaired by the General Manager of Monozukuri System Transformation Division, the Vice Presidents of Industrial Systems & General-Purpose Machinery Business Area, the Vice Presidents of Resources, Energy & Environment Business Area, and the General Manager of Aero Engine, Space & Defense Business Area Production Center. Additionally, presidents of each business area and other relevant personnel 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 Group Safety and Health, to evaluate and manage health and safety risks.

Occupational Health and Safety Structure



IHI Group Health and Safety Committee

Chairperson	Officer in charge of Group Safety and Health
Deputy Chairperson	General Manager of Monozukuri System Transformation Division, Vice Presidents of Industrial Systems & General-Purpose Machinery Business Area, Vice Presidents of Resources, Energy & Environment Business Area, and General Manager of Aero Engine, Space & Defense Business Area Production Center
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 FY2025	1

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 effect 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, 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 hazards 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.

FY2026 IHI Group Health & Safety Policy and Key Measures

Goal

Establish a safety and health foundation that supports sustainable growth through a diverse workforce

・Zero Hazard Level A and B incidents by the end of FY2027

Measures

Establish a safety foundation by strengthening both the occupational health and safety management system and individual safety behavior

・Strengthening the occupational health and safety management system (OHSMS)

- Enhance risk assessment
  Develop operational standards that reflect actual workplace conditions and establish a cycle for continuously updating risk assessments and implementing corresponding measures in alignment with those standards
- Prioritize investment in critical risks
  Establish a mechanism that uses risk assessment results as the basis for investment decisions, ensuring that management resources are allocated with top priority to critical risks
- Integrate into the OHSMS
  Beginning with the enhancement of risk assessment, establish and integrate a common OHSMS across the Group, including overseas operations, to standardize safety management systems and enhance their quality
- Enhance safety functions in line with the expanding use of AI and robotics and incorporate them into the OHSMS

・Strengthening individual safety behavior

- Reinforce personal ownership of the Safety 5 Principles and foster a safety culture of mutual encouragement
  Ensure that all employees translate the Safety 5 Principles into their own actions through the combined use of initiatives such as 5S

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 2025, 50 accidents at or above the non-lost-time injury level occurred in Japan. 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.

Breakdown of Occupational Accidents and Incidents* by Hazard Level

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Hazard Level	Hazard Level A (Risk of permanent total disability)	IHI, consolidated subsidiaries in Japan, and their partner companies	Incidents	3	5	8	7
	Hazard Level B (Risk of permanent partial disability)	IHI, consolidated subsidiaries in Japan, and their partner companies	Incidents	17	22	20	19
	Hazard Level C and below (Other risks)	IHI, consolidated subsidiaries in Japan, and their partner companies	Incidents	82	104	91	83
	Total	IHI, consolidated subsidiaries in Japan, and their partner companies	Incidents	102	131	119	109

* Occupational accidents and incidents include accidents below the non-lost-time injury level, as well as no-injury incidents, but exclude heat-related illnesses.

Well-Being

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 has strived for health management from both a physical and mental perspective. Going forward, the Group will further strengthen its Group-wide health support system, centered on two pillars: promoting individual health and energizing the organization, to establish a safety and health foundation that supports sustainable growth through a diverse workforce. The Group will continue to implement its existing initiatives such as detailed follow-up with individuals experiencing health issues, programs to help employees return to work, and reintegration support programs, as well as resilience programs (programs to enhance peak performance, improve resilience and integration). The Group will also help create a health foundation that supports lifelong vitality and develop a work environment from a health perspective. Through these efforts, the IHI Group is working to build an enthusiastic workplace for everyone, from new employees to management level.

FY2026 IHI Group Well-Being Policy and Key Measures

Goal

Establish a safety and health foundation that supports sustainable growth through a diverse workforce

- Improve engagement survey, health survey, and stress check results

Measures

Further strengthen the Group-wide health support system, centered on two pillars: promoting individual health and energizing the organization

- Promoting individual health: Provide information and develop an environment with a view to longer working lives
  - Disseminate knowledge that supports lifelong vitality
  - Optimize the work environment: Develop an environment that naturally promotes vitality and health
- Energizing the organization: Roll out Group-wide engagement enhancement measures in collaboration with the human resources division
  - Reduce disparities among divisions
- Improving the health support system
  - Strengthen the mutual support system based on dialogue
  - Reduce disparities in support through the utilization of IT and AI
  - Strengthen governance by integrating hazardous operations management into the OHSMS

Promoting Workplace Improvement Activities

The IHI Group is working on activities that improve the well-being of its employees and the organization.
Beginning 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 2025, 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*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Occupational Accidents	IHI and consolidated subsidiaries in Japan	Incidents	56	54	66	50
(Of which, fatal incidents)	IHI and consolidated subsidiaries in Japan	Incidents	0	0	1	0
Employees	IHI and consolidated subsidiaries in Japan	Incidents	25	26	39	19
(Of which, fatal incidents)	IHI and consolidated subsidiaries in Japan	Incidents	0	0	1	0
Temporary employees	IHI and consolidated subsidiaries in Japan	Incidents	4	2	8	4
(Of which, fatal incidents)	IHI and consolidated subsidiaries in Japan	Incidents	0	0	0	0
Partners (contractors)	IHI and consolidated subsidiaries in Japan	Incidents	27	26	19	27
(Of which, fatal incidents)	IHI and consolidated subsidiaries in Japan	Incidents	0	0	0	0

* Fatalities or injuries caused by occupational accidents.

Total Injuries Frequency Rate*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Total Injuries Frequency Rate	IHI and consolidated subsidiaries in Japan	—	1.37	1.33	1.50	1.19

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

Lost Time Injuries Frequency Rate*1

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
IHI Group average	IHI and consolidated subsidiaries in Japan	—	0.39	0.34	0.42	0.29
National average in manufacturing industry*2	Business sites with at least 100 people (sample survey)	—	1.25	1.29	1.30	1.33

*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

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Works divisions	Target value	IHI and consolidated subsidiaries in Japan	—	Under 0.6	Under 0.6	Under 0.6	Under 0.6
	Results	IHI and consolidated subsidiaries in Japan	—	0.89	0.95	1.21	0.55
Construction divisions	Target value	IHI and consolidated subsidiaries in Japan	—	Under 1.2	Under 1.2	Under 1.2	Under 1.2
	Results	IHI and consolidated subsidiaries in Japan	—	2.30	2.10	2.13	2.80

Severity Rate of Occupational Health and Safety

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
IHI Group average	IHI and consolidated subsidiaries in Japan	—	0.01	0.01	0.15	0.01

Number of Administrative Penalties Due to Labor Standards Act Violations

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of administrative penalties due to Labor Standards Act violations	IHI and affiliated companies in Japan	Incidents	0	0	0	0

Well-Being

Medical Checkup Related Items

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Participation rate of medical checkups	IHI and consolidated subsidiaries in Japan	%	96	98	98	100
Rate of diagnoses made as a result of medical checkups	IHI and consolidated subsidiaries in Japan	%	72	72	73	73
Participation rate of stress checks	IHI and consolidated subsidiaries in Japan	%	97	96	97	96
High stress rate	IHI and consolidated subsidiaries in Japan	%	9	10	7	9
Absenteeism (Ratio of employees who take three or more months of leave)	IHI and consolidated subsidiaries in Japan	%	1.3	1.4	1.4	1.9
Presenteeism (Ratio of employees with restricted hours)	IHI and consolidated subsidiaries in Japan	%	1.7	2.3	1.9	2.2
Smoking rate	IHI and consolidated subsidiaries in Japan	%	25	25	25	25

Rate of Occupational Diseases*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Rate of occupational diseases	IHI and consolidated subsidiaries in Japan	—	0.098	0.098	0.098	0.104
Deaths due to occupational diseases or illnesses	IHI and consolidated subsidiaries in Japan	Incidents	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

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
SVST（Supervisor Safety Training）	IHI and consolidated subsidiaries in Japan	People	268	209	365	327
SMST-I（Site Manager Safety Training-I）	IHI and consolidated subsidiaries in Japan	People	56	109	157	140
SMST-II（Site Manager Safety Training-II）	IHI and consolidated subsidiaries in Japan	People	—	22	38	16
SST（Supervisor Safety Training）-1	IHI and consolidated subsidiaries in Japan	People	131	136	93	123
SST（Supervisor Safety Training）-2	IHI and consolidated subsidiaries in Japan	People	109	98	78	87
SST（Supervisor Safety Training）-3	IHI and consolidated subsidiaries in Japan	People	31	42	65	11
SST and SMST Trainer Courses	IHI and consolidated subsidiaries in Japan	People	27	15	31	17
Safety Management Appointment Training	IHI and consolidated subsidiaries in Japan	People	26	71	48	—

Well-Being

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

The IHI Group is working to create an environment in which diverse personnel can continue to work with peace of mind by providing educational opportunities on women-specific health issues, thereby promoting understanding of gender-related health challenges and improving health literacy. In addition, through awareness-raising activities conducted by the Gender Gap Resolution Working Group and other initiatives, the Group fosters a workplace culture in which employees correctly understand health issues and support one another.
Furthermore, the health insurance association has introduced a companion-style support app for both expectant and nursing mothers and their partners, providing health support tailored to various life events.
When dispatching 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

Approach Policy Governance Strategy Risk Management Metrics and Targets Initiatives

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.
Based on international standards for human rights, the Group will fulfill its responsibility to respect human rights of all by fostering a respectful organizational 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 supply chains, environmental management, human rights due diligence, ESG, and so on.
Since fiscal 2022, the Group has also participated in the Business and Human Rights Academy organized by the United Nations Development Programme. Members of the human rights task team have been systematically learning about human rights due diligence through lectures by experts from Japan and overseas, as well as 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.
In addition, the Group participates in business-oriented regional human rights organizations in Tokyo, Osaka, Hyogo, and Hiroshima. The Group promotes a deeper understanding of region-specific human rights issues through information sharing and exchanges of views.

Policy

IHI Group Human Rights Policy

In 2020, the IHI Group established the IHI Group Human Rights Policy and has since advanced its efforts to respect human rights in accordance with this policy. The Group has undertaken various initiatives, including identifying its material human rights issues, assessing the status of responses to those issues, strengthening its governance and implementation framework, and establishing grievance mechanisms for reporting human rights concerns and violations.
Based on the progress and outcomes of these initiatives, the IHI Group revised its Human Rights Policy in July 2026. In the course of the revision, the Group carefully considered feedback and views received through dialogue with both internal and external stakeholders.

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 these efforts, we have established the IHI Group Human Rights Policy in accordance with the Basic Code of Conduct for the IHI Group. Based on international human rights standards, we proactively fulfill our responsibility to respect the human rights of all individuals by fostering a corporate culture grounded in respect for human rights and promoting efforts to respect human rights throughout our business activities.

(Scope)

1. This Policy applies to all officers and employees[*1] engaged in the business of the IHI Group.
2. We respect the human rights of all people connected to our products, services, and other business activities.
3. We also request our suppliers and business partners[*2] to comply with this Policy.

(Compliance with International Standards, Laws and Regulations, and IHI Group Codes)

1. We support and respect internationally recognized human rights standards, including the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, and the United Nations Guiding Principles on Business and Human Rights, and proactively implement initiatives based on these standards.
2. In the countries and regions where we conduct our business, we seek to respect international standards while complying with applicable laws and regulations.
3. We always act in accordance with the Basic Code of Conduct for the IHI Group.

(Governance and Human Rights Due Diligence)

1. Under the leadership of the Group Executive Officer in charge of Human Resources, we promote respect for human rights in a planned and continuous manner and proactively address human rights issues.
2. We establish, continuously implement, and appropriately review a human rights due diligence framework to identify and assess human rights risks and to evaluate and improve the effectiveness of our efforts.
3. Where we identify potential or actual adverse human rights impacts, we promptly take appropriate measures to prevent, mitigate, and remediate such impacts through appropriate procedures.

(Material Human Rights Issues)
We have identified the material human rights issues that we address on a priority basis. We conduct human rights due diligence across the Group and monitor how these issues are being addressed.

(Training)
We continuously provide our officers and employees with appropriate training to ensure that actions based on this Policy are implemented throughout our business activities.

(Grievance Mechanism and Remedy)
We establish and operate reporting channels to receive concerns from stakeholders who may be subject to adverse human rights impacts in connection with the IHI Group's business activities and to provide access to remedy. We also draw on lessons learned from such reports to inform our human rights due diligence.

(Dialogue, Consultation, and Information disclosure)
1. We continuously engage in dialogue and consultation with relevant stakeholders regarding the initiatives under this Policy.
2. We regularly disclose information on our efforts to respect human rights and the results of those efforts.

*1 Including employees such as dispatched workers, fixed-term employees, rehired retirees, and part-time workers.
*2 Including business partners such as customers, suppliers and subcontractors, as well as partners in business alliances and outsourced service providers.

July 24, 2026
Hiroshi Ide
Representative Director and President
IHI Corporation

The IHI Group's Material Human Rights Issues

The IHI Group has identified the human rights issues related to the rights of its employees and workers of its business partners as the highest priority human rights issues.

●Prohibition of Forced Labor
We prohibit all work or service exacted under the menace of any penalty and not performed voluntarily. This includes exploitation through human trafficking.

●Prohibition of Child Labor
We prohibit the employment or use of workers below the minimum age for employment under applicable laws and regulations of the country or region.

●Equal Opportunity
We respect diversity and individuality, and ensure fairness and equality of opportunity in recruitment and employment, including hiring, promotion, remuneration and training.

●Prohibition of Discrimination and Harassment
We do not tolerate discrimination and harassment based on race, color, sex, religion, place of origin, opinion or belief, age, disability, sexual orientation, gender identity, or any other status.

●Ensuring a Safe and Healthy Working Environment
We strive to create and maintain a safe and healthy working environment to ensure that all people in the workplace are able to fully exercise their abilities.

●Respect for the Fundamental Rights of Workers
We respect fundamental labor rights, including freedom of association, the right to organize, and the right to collective bargaining. We also ensure appropriate wage payment and proper management of working hours.

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 2025 Statement on the UK Modern Slavery Act and Australian Modern Slavery Act (198KB) PDF

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 organizational culture that respects human rights and advancing human rights initiatives, the Committee formulates and deliberates on the details of important policies and activities related to the respect for human rights and the promotion of DE&I, particularly in the areas of human rights respect and collaboration with diverse talent.
The Committee is chaired by the Officer in charge of Group ESG 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 appropriately.
The Group established a Task Team* under the Human Rights and DE&I Committee as the body to promote 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 Div., Corporate Communication Div., Project Risk Management Div., Corporate Secretary Div., Economic Security Div., Legal Div., and Business Development Div.

Human Rights Promotion Framework



Human Rights and DE&I Committee

Chairperson	Officer in charge of Group ESG
Members	President of each business area, 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 Internal Audit Div., General Manager of Secretariat Div., General Manager of Economic Security Div., General Manager of Corporate Secretary 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., General Manager of Urban Development Div., General Manager of Intelligent Operation Center, General Manager of Corporate Technology Strategy Office, General Manager of Procurement Div., and General Manager of Human Resources Div.
Secretariat	Sustainability Promotion Group of Administration Div.
Number of meetings convened in FY2025	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 mitigating adverse impacts on stakeholders and rights holders* arising from its business activities throughout the value chain contributes to realizing a better quality of life for all people connected to its business activities. The IHI Group therefore views respect for human rights as an opportunity to enhance business sustainability and increase corporate value.

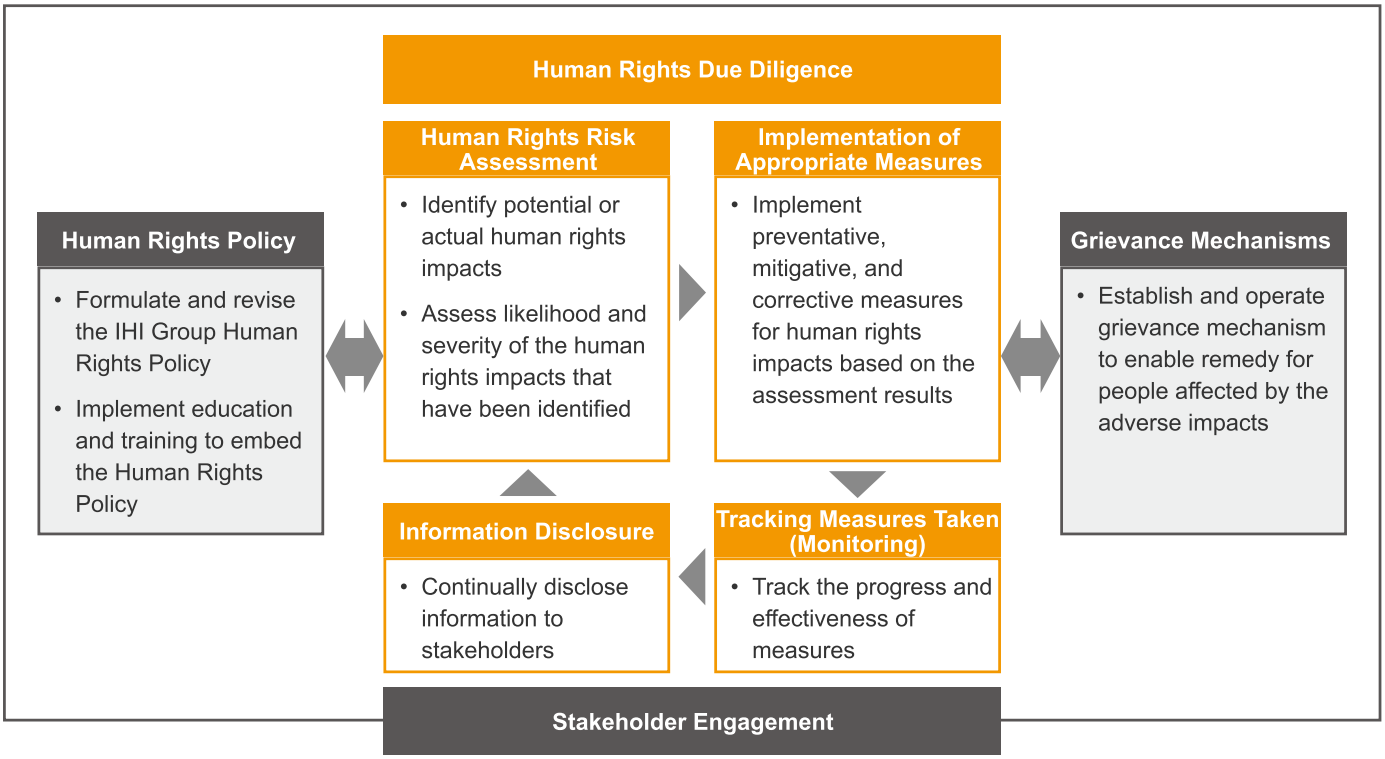
* Rights holders: individuals or groups who hold human rights and may be affected by a company's business activities

Risk Management

Human Rights Due Diligence

To fulfill its responsibility to respect the human rights of people affected by its business activities, the IHI Group advances its human rights due diligence process 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 risk assessments to identify potential or actual human rights impacts, 2) incorporating appropriate preventative, mitigative, and corrective measures for the identified impacts into work policies and operational processes, 3) monitoring the status and results of implementing these measures, and 4) disclosing their progress and results externally.
The Group recognizes the importance of continual stakeholder engagement throughout its human rights due diligence process in order to understand the impacts of its business activities on people's rights.

Overview Human Rights Due Diligence



Identifying Material Human Rights Issues

In fiscal 2021, with support from external human rights experts, the IHI Group conducted a human rights risk assessment covering its Group companies within Japan and overseas to identify human rights issues.
Based on the results of the analysis and assessment, important human rights issues in the manufacturing industry, internal monitoring, and global trends, the Group identified material human rights issues.
The Group considers its employees and workers of its business partners as the highest priority rights holder groups.

Material Human Rights Issues

Prohibition of forced labor	Prohibition of child labor	Equal opportunity
We prohibit all work or service exacted under the menace of any penalty and not performed voluntarily. This includes exploitation through trafficking.	We prohibit the employment or use of workers below the minimum age for employment under applicable laws and regulations of the country or region.	We respect diversity and individuality, and ensure fairness and equality of opportunity in recruitment and employment, including hiring, promotion, remuneration and training.
Prohibition of discrimination and harassment	**Ensuring a safe and healthy working environment**	**Respect for the fundamental rights of workers**
We do not tolerate discrimination and harassment based on race, color, sex, religion, place of origin, opinion or belief, age, disability, sexual orientation, and gender identity, or any other status.	We strive to create and maintain a safe and healthy working environment to ensure that all people in the workplace are able to fully exercise their abilities.	We respect fundamental labor rights, including freedom of association and rights to organize, and the right to collective bargaining. We also ensure appropriate wage payment and proper management of working hours.

Conducting Human Rights Due Diligence

The IHI Group conducts human rights due diligence at Group sites in Japan and overseas to understand the current status and actual conditions of the Group company sites with a focus on its material human rights issues.
The Group distributes a self-assessment sheet to Group sites and collects responses from each site. The self-assessment sheet includes questions on the implementation framework and management status for human rights due diligence, as well as the status of responses to human rights issues. The results are compiled into feedback sheets and sent back to the respective sites.
Among the questions included in the self-assessment sheet, the Group designates those that are highly prioritized in addressing the IHI Group's material human rights issues and the 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) as Red Flags. Where any Red Flags remain unaddressed, improvements are implemented by the respective sites, and the status of those improvement efforts is monitored.
Human rights due diligence for suppliers and business partners is integrated into supply chain management and project risk management initiatives. Through the IHI Group's risk management activities, the Group also addresses risks related to key ESG management issues, including respect for human rights.

Supply Chain Management >
Project Risk Management >
Risk Management >

Environmental and Human Rights Risk Assessments in New Business Projects

For large-scale projects and major investments that may have a significant impact on the IHI Group's business, the Group reviews potential human rights concerns related to business partners on both the upstream and downstream sides, as well as the environmental and human rights impacts arising from its business activities as part of the review process conducted prior to contract awards and investments.
In pre-investment reviews, 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 the status of responses to human rights issues at the investee prior to any acquisition.

* 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.

Project Risk Management >

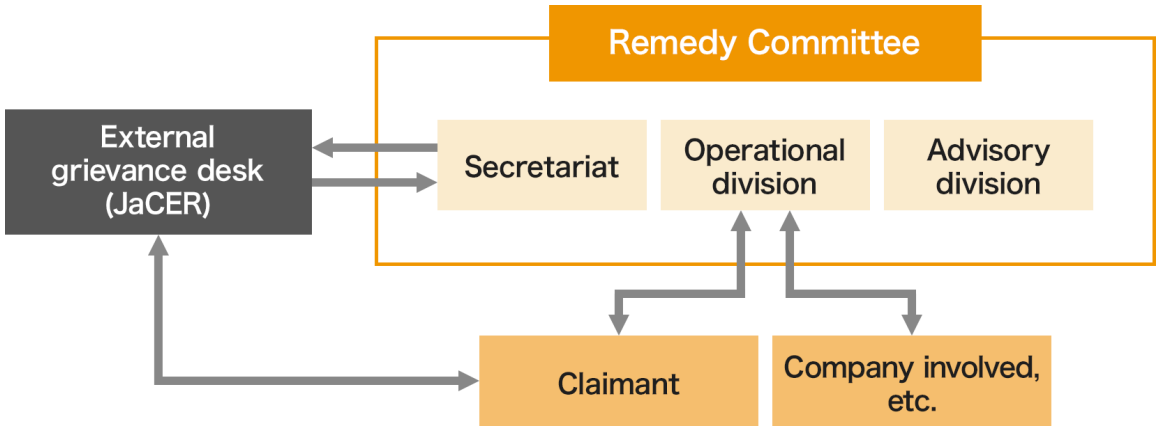
Operation of Grievance Mechanism

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. The IHI Group prohibits any retaliation or adverse treatment against whistleblowers and other individuals involved in a report, and is committed to preventing and remediating such actions.

Additionally, the IHI Group provided cards and posters to inform partner companies within IHI Group offices and plants about the reporting desk.
IHI's secretariat (CSR Procurement Promotion Group, Procurement Division) receives reports from JaCER and strictly manages them as highly confidential information. For each case reported, the secretariat forms a Remedy Committee made up of Advisory divisions (Human Resources Division, Legal Division, etc.) and Operational division (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 Claimant 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 >

Operation System



Metrics and Targets

Human Rights Risk Assessments Implemented

Item	Target	Unit	Year 1 (Second half of FY2021–FY2022)		Year 2 (FY2023)		Year 3 (FY2024)	
			Total Implemented	Targets	Total Implemented	Targets	Total Implemented	Targets
Human Rights Risk Assessments Implemented	Implemented at approximately 160 sites of the IHI Group company over 3 years*1, *2	Assessments	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 sites where one-time implementation is desired, implementation is done all at once, and risk assessments were completed at all sites by the end of FY2024

Number of Human Rights Training Participants

Item	Unit	FY2025	
		Targets	Participants
e-learning: Harassment Prevention	People	IHI and affiliated companies in Japan	22,149
e-learning: IHI Group Human Rights Policy (basic)	People	New employees, mid-career hires, and others who wish to participate	370
e-learning: Business and Human Rights	People	Those who wish to participate	63
Human rights-related training conducted at headquarters representative's offices	People	New employees, managers, foremen and assistant foremen, human rights personnel, etc.	259

Number of Reports Received through the Grievance Mechanism

Item	Unit	FY2023*	FY2024	FY2025
Number of reports received	cases	1	8	17
Of which, the number of reports subject to violation of human rights	cases	1	6	14
Harassment	cases	1	2	7
Labor and Employment	cases	0	1	5
Discrimination	cases	0	1	0
Compliance Violations	cases	0	0	1
Others	cases	0	2	1

* 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 organizational 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 fiscal 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 2025, 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.

Diversity, Equity, and Inclusion (DE&I) / Metrics and Targets >

Communications to all employees

As part of initiatives to encourage employees to take personal ownership of DE&I, a Group-wide key measure, the IHI Group provides ongoing communications to all employees. In fiscal 2025, as part of DE&I Promotion Month (held annually in December) to deepen understanding of human rights and DE&I, the Group launched a month-long initiatives starting on Human Rights Day (December 10). The Chairperson of the Human Rights and DE&I Committee and many other employees collaborated on a dedicated internal website to conduct a month-long message relay, with one employee sharing a message each day. In conjunction with International Women's Day (March 8), the Group also carried out activities, including (1) sharing messages from female managers, (2) publishing data related to women's advancement internally, and (3) implementing programs organized by the gender gap elimination working group. Through these initiatives, the Group strives to enhance understanding and awareness of gender issues.

"DE&I Month": December Events Inside and Outside IHI >

Diversity, Equity, and Inclusion (DE&I) / Metrics and Targets >

Workshop to identify human rights risks

In August 2025, the IHI Group held a workshop to identify risks related to human rights, aiming to prevent and mitigate human rights risks and also to reflect the voices from the frontlines in the development of systems for addressing issues and providing support as necessary.
Participants in the workshop were not limited to personnel in charge of human rights but included various people working on the business frontlines, with a total of 60 participants. They looked across the upstream and downstream value chain, from the planning to the manufacture, sale, and use of products. They examined and identified what kinds of human rights risks were encountered by the different stakeholders involved in business activities, such as employees, business partners, customers, and members of local communities. The Group assessed and prioritized the human rights risks identified through the workshop from the perspectives of severity and likelihood and took the findings into consideration in revising its human rights policies.

Reflects Feedback from the Field to Strengthen Risk Management Structure and Further Promote Respect for Human Rights >

Initiatives Regarding Material Human Rights Issues

Measures at Group sites

The IHI Group implemented human rights risk 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 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.
In fiscal 2025, follow-up monitoring were conducted at nine sites to review the status of measures implemented from fiscal 2022 through 2024. Through these follow-up monitoring, no serious risks related to material human rights issues were identified within the scope of the monitoring. Going forward, the Group will expand the scope of its risk assessment and conduct more in-depth reviews of potential risks.
The status of actions taken within the supply chain is reviewed as part of sustainability assessments of business partners.

Supply Chain Management >

Issues Identified through Human Rights Risk Assessments and Countermeasure Status*1

Item	Issues	Countermeasure Status
Total Trends	Insufficient grievance mechanism	Establishment of our grievance desk was completed in April 2024 and began operation.
	Insufficient stakeholder dialogue	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 in employment	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 2024 Statement on the UK Modern Slavery Act and Australian Modern Slavery Act.”

*2 Red Flags: Assessment questions of particular importance in relation to the IHI Group’s material human rights issues and the 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)

Measures for foreign non-regular workers

In fiscal 2025, the IHI Group conducted a survey of all sites of IHI and its subsidiary companies in Japan regarding the employment status of foreign non-regular workers, who may be vulnerable to human rights risks such as forced labor, discrimination, and harassment. As a result, the Group confirmed there were 317 foreign non-regular workers in 18 companies. Among these companies, the Group conducted on-site assessments at two sites that accept technical intern trainees and has implemented corrective measures to address the issues identified. The Group will maintain appropriate working conditions through continuing to conduct regular surveys.

Supply Chain Management >

Measures in recruitment and employment

Prohibition of forced labor

The IHI Group prohibits all forms of forced labor. At IHI, employment is initiated only upon application by the candidate. Prior to employment, applicants are provided with the terms and conditions of employment, including wages, and employment begins only after their agreement has been obtained.

Prohibition of child labor

The IHI Group prohibits the employment or use of workers below the minimum age for employment under applicable laws and regulations of the countries and regions where it operates. At IHI, the Rules of Employment stipulate that applicants must be at least 15 years of age and require the submission of a resume containing age information as part of the application process.

Equal opportunity

Under the IHI Group Human Rights Policy, the IHI Group promotes diversity, equity & inclusion (DE&I), respect diversity and individuality, and works to ensure fair recruitment, fair working conditions, equal opportunities, and a workplace free from harassment.
The Group promotes fair and appropriate treatment by ensuring wage levels at or above minimum wage requirements globally, providing appropriate wages and allowances, including overtime pay, and developing personnel systems based on the principle of equal pay for equal work.

Human Resource Management / Human Resource Development >
Diversity, Equity, and Inclusion (DE&I) >

No tolerance for discrimination and harassment

The IHI Group has conducted awareness-raising and educational activities to prevent harassment and has taken steps to create an environment in which employees feel comfortable seeking advice and reporting concerns.
Based on these efforts to create a workplace where harassment cases can be more readily identified, the IHI Group has clearly communicate to its employees its policy of taking strict and appropriate action against workplace harassment including sexual harassment.

Business Ethics & Compliance >

Safe workplaces ensuring the health of workers

The IHI Group believes in ensuring safety and health to be the foundation of its business activities and one of its key management priorities. The Group strives to create and maintain safe and healthy workplaces where people at each workplace are able to fully exercise their abilities.

Occupational Health and Safety / Well-Being >

Respect for the basic rights of workers

The IHI Group respects fundamental labor rights, including freedom of association and the right to organize, and the right to collective bargaining. The Group recognizes employees' rights to engage in labor union activities and prohibits any disadvantageous treatment based on such activities. The Group also engages in collective bargaining with the labor union in good faith, founded in mutual trust.
At IHI, a collective labor agreement has been established with the labor union based on mutual understanding and trust. Regularly meetings between Management and employee representatives, including the Health and Safety Committee, Management Councils, and Production Councils, provide opportunities for open dialogue and contribute to the continuous improvement of workplace conditions.

Occupational Health and Safety / Well-Being >

Supply Chain Management

Approach Policies Governance Strategy Risk Management Metrics and Targets Initiative

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 (Korean) (701KB) 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 ESG.
In fiscal 2025, reports were submitted to Risk Management Conference on a quarterly basis and to the Human Rights and DE&I Committee three times during the fiscal year.

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, etc.

In fiscal 2025, 510 companies were identified as important business partners from among first-tier business partners, and 102 companies from among second-tier business partners. Of the 8,970 first-tier business partners with which the IHI Group does business, the procurement amount of the 510 important first-tier business partners accounted for 41% of the total.

Number and Ratio of Important Business Partners

Item	Scope	Number of Business Partners	Procurement Amount Ratio
Number of first-tier business partners	IHI and 29 affiliated companies in Japan	8,970	100%
Number of important first-tier business partners	IHI and 29 affiliated companies in Japan	510	41.1%
Number of important second-tier business partners	IHI and 29 affiliated companies in Japan	102	—

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 for the entire supply chain 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 conducts additional interviews as necessary 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, EcoVadis sustainability assessments are conducted based on major international standards, including the Ten Principles of the United Nations Global Compact, the International Labour Organization (ILO) Conventions, the Global Reporting Initiative (GRI) Standards, ISO 26000, the Ceres Roadmap, and the United Nations Guiding Principles on Business and Human Rights. According to fiscal 2025 results*, business partners or their parent companies (877 business partners) representing 51% of the total procurement value have provided the IHI Group with the results of their EcoVadis assessments. For 90% of these partners, either the business partner itself or its parent company received an overall score of 45 points or higher. These 877 business partners included 20% (94 companies) of the Group’s important business partners.

* For fiscal 2025 procurements. The scope covers IHI and 27 affiliated companies in Japan.

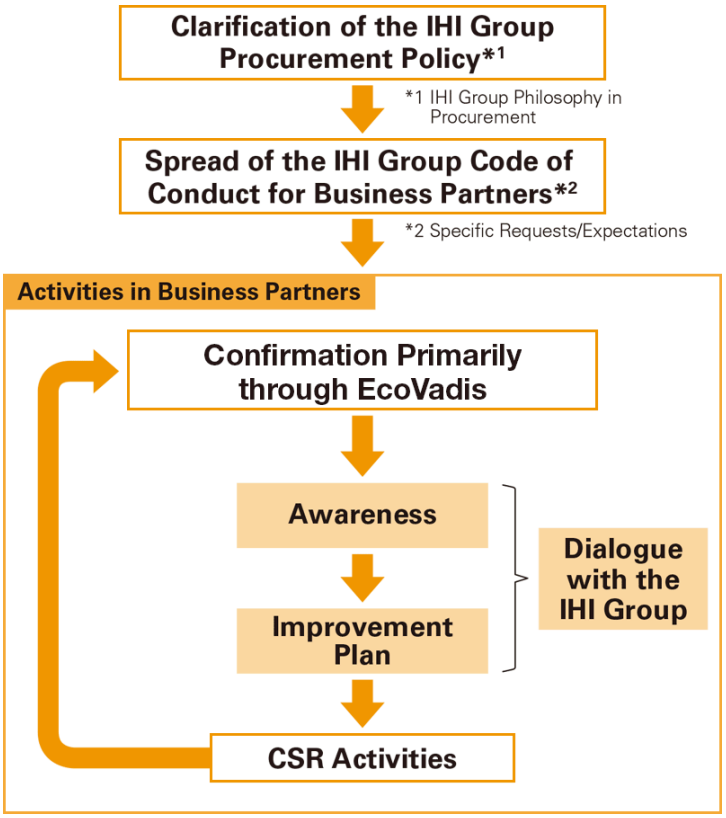
Supplier Management Using Self-Check Sheets

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, self-check sheets have been collected from 381 companies as part of pre-interviews for on-site dialogues and pre-screenings of important business partners for some construction projects. Of which, 136 were important business partners.
At the same time, supplier management using self-check sheets has presented challenges, including managing the workload associated with the surveys, ensuring the validity and transparency of assessments, and aligning with the latest global standards. Accordingly, the IHI Group plans to gradually phase out the use of self-check sheets and transition to the use of EcoVadis, a third-party assessment platform, in order to promote CSR activities more efficiently and appropriately.

ESG Assessments of Business Partners in Pre-order Screening for Large Projects

Since fiscal 2023, the IHI Group has conducted ESG assessments of some supplier candidates for projects with an expected contract amount above a certain threshold. Through fiscal 2024, assessments were conducted using self-check sheets, while in fiscal 2025 the Group introduced assessments using EcoVadis.
In fiscal 2025, ESG assessments were conducted for a cumulative total of 130 companies across 20 projects, including EcoVadis-based assessments for 31 companies. As a result, risks were identified at three companies, and corrective actions have been requested to address the risks. The Group plans to continue the phased transition to assessments utilizing EcoVadis.

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 business and human rights, carbon neutrality and the environment, and fair business were held at four locations in Asia. In fiscal 2025, the Group also launched an external e-learning service for important first-tier business partners in Japan with 20 or fewer employees, as well as companies designated by each procurement department, to raise their awareness of ESG and crisis management.
The table below displays the outcomes of the seminars that were held in fiscal 2025.

Number of Companies in the Joint Seminar

Topic		Host Country	Unit	FY2025		
Topic	Country			Total	Participating Important Business Partners	Participation Rate Relative to the Total Number of Important Business Partners by Country
Business and human rights	South Korea	Business partners in South Korea	Companies	16	1	20%
Carbon neutrality and the environment	Malaysia	Business partners in Malaysia	Companies	13	0	0%
	Vietnam	Business partners in Vietnam	Companies	21	2	67%
Fair business	China	Business partners in China	Companies	29	5	50%

Number of Companies in the E-Learning Service for Important First-Tier Business Partners in Japan

Topic	Country	Scope	Unit	FY2025
ESG and crisis management	Japan	Small and medium-sized companies among important first-tier business partners in Japan	Companies	30

Dialogue with Important Business Partners to Strengthen the Supply Chain

To strengthen its supply chain, the IHI Group assesses management, information security, disaster, and other risks of its important business partners through the use of various assessment tools and direct interviews. Based on the assessment results, the Group identifies important business partners that fall below its internally established evaluation criteria and conducts on-site dialogues to identify issues and provide guidance and recommendations for risk mitigation. In fiscal 2025, the Group visited and conducted dialogues with 146 important first-tier business partners in Japan.
The Group also continues the dialogue activities that began in fiscal 2024 to hear about sustainability-related issues faced by its business partners. The purpose of these dialogues is to review the status of business partners' daily CSR procurement efforts and to have a constructive discussion about cooperation for further improvement.
In fiscal 2025, the Group conducted interviews on such issues with 12 companies*, including important business partners.

* Six companies in Japan, three in Vietnam, and three in Malaysia.

Information Sharing Using EcoVadis

Since fiscal 2024, the IHI Group has been utilizing EcoVadis sustainability assessments with the cooperation of its business partners and their parent companies. Beginning in fiscal 2025, to further strengthen collaboration across the supply chain in ESG risk management, the Group started issuing feedback reports to business partners that participated in the sustainability assessments. These reports summarize the status of the IHI Group's supply chain risk management. The feedback reports have also created opportunities for discussions on CSR procurement, and the Group will continue to promote risk management together with its supply chain partners.

Human Rights Risk Mitigation Activities

Active Dialogue with Foreign Non-Regular Workers

Starting in 2023, the IHI Group, in cooperation with the Global Alliance for Sustainable Supply Chain (ASSC), engages in proactive dialogue (in-person interviews) for risk mitigation purpose regarding foreign non-regular workers working at sites of IHI and its subsidiary companies in Japan. Through these activities, concerns related to laws, regulations, and international norms, as well as issues associated with health and safety and customary practices, were identified. In response, corrective measures for risk mitigation have been implemented at all sites of IHI and its subsidiary companies in Japan where foreign non-regular workers are working. In fiscal 2025, recognizing that foreign technical intern trainees are in a vulnerable position and may face high human rights risks, the Group selected two sites from among those where on-site partner companies employ foreign technical intern trainees. In addition to the proactive dialogue conducted to date, the Group carried out on-site assessment of workplaces and dormitories for the first time, in the presence of ASSC. The IHI Group engaged in proactive dialogue (in-person interviews) with a cumulative total of 68 foreign non-regular workers at 10 locations in Japan between November 2023 and February 2026. Of these, 49 were foreign non-regular workers employed or accepted by on-site partner companies.

Operation of Grievance Mechanisms

Human Rights / Risk Management / Operation of Grievance Mechanism >

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 compliance status and implementing necessary improvements within its operations. In addition to traditional in-person training, its procurement professional development training, which aims to develop procurement personnel capable of building a sustainable supply chain, uses on-demand video distribution. By enhancing participant convenience, the Group increases 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. Through this training, the Group aims to enhance understanding of and ability to respond to laws, regulations, and social demands. In fiscal 2025, 85% of eligible employees participated in the e-learning course.
Since fiscal 2024, the Group has been providing training aimed at improving price assessment capabilities in response to rising procurement costs. The Group also plans to introduce supply chain management training for mid-level Group employees in fiscal 2026 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 aero 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 guidance of the Organization for Economic Co-operation and Development (OECD)'s "5-Step Framework," the procurement departments are conducting in-depth activities under the direction of IHI's Procurement Division. 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

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Lecture on Proper Transactions Act[*1 *2 *3]	IHI and affiliated companies in Japan	people	379	431	379	1,678
Lecture on Construction Business Act[*1]	IHI and affiliated companies in Japan	people	354	313	165	93
Lecture on Overseas Procurement[*1]	IHI and affiliated companies in Japan	people	112	152	115	118
Professional Procurement Training[*4]	IHI and affiliated companies in Japan	people	1,367	1,534	1,184	626

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

*2 Up to FY2024, the course was titled "Lecture on Subcontract Act." Following the renaming of the law, it has been renamed the "Lecture on Proper Transactions Act" beginning in FY2025.

*3 In FY2025, following the revision of the legislation, the course was offered as a special program in addition to being included in the Professional Procurement Training curriculum.

*4 Lectures on security export control has been added since FY2022.

Dialogue with Non-regular Foreign Workers

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of locations	IHI and subsidiary companies in Japan	locations	—	4	4	2
Number of people interviewed	Workers at the location (including workers from on-site partner companies)	people	—	22	32	14
Number of on-site partner companies	On-site partner companies	companies	—	8	4	3

Number of Reports Received Through the Grievance Mechanism

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." In March 2026, the Group also updated the declaration following revisions to the standard form associated with the enforcement of the Act on Preventing Delay in Payment to Small and Medium-Sized Entrusted Business Operators in Relation to Manufacturing Consignment (Proper Transactions Act). Based on these initiatives, the IHI Group aims for a mutually beneficial partnership with its business partners.
The IHI Group also regularly reports the status of price pass-through requests from business partners to top management and determines appropriate actions based on these reports.
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.

Quality and Product Safety

Approach Policy Governance Strategy Risk Management Metrics and Targets Initiatives

Approach

As stated in the Basic Code of Conduct for the IHI Group, the IHI Group gives due consideration to the safety of its products and services, confirms whether they meet the satisfaction of customers and users, and continually seeks to improve their quality. 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 misconduct 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 has established the IHI Group Quality Committee as a Group-wide committee on quality. The Committee confirms that important policies related to quality have been translated into specific initiatives. The Officer responsible for Group Quality Assurance acts as the Committee chairperson. Committee members consist of Presidents of Business Areas, Executives responsible for quality for Business Areas, and Executives of Corporate Divisions. Until fiscal 2025, the Committee met twice a year in principle. From fiscal 2026, the meeting frequency will be increased to four times a year in principle. In fiscal 2025, the Committee met a total of four times, including ad hoc meetings, in light of the status of quality assurance risks. 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 responsible for Group Quality Assurance
Members	Presidents of Business Areas, Executives responsible for quality for Business Areas, and Executives of Corporate Divisions
Secretariat	Monozukuri System Transformation Division
Number of meetings convened in FY2025	4 (including ad hoc meetings)

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 compromise customer safety and undermine public trust and 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 capabilities of the entire organization and enable timely and appropriate responses to environmental changes, thereby promoting product innovation. In addition, the IHI Group is advancing initiatives to enhance quality management through the use of AI and digital technologies. Specifically, in certain businesses, past cases accumulated in nonconformity information databases and other sources are referenced, and generative AI is used to support the identification of key considerations and preventive measures for upcoming projects. The resulting insights are utilized as reference information during the design phase, including design reviews.
In another Business Area, efforts are underway to clarify and make more accessible its QMS which has become increasingly complex through years of revisions and additions. By utilizing generative AI, rules and requirements are organized and classified according to business processes, thereby supporting the identification of applicable rules. Through these efforts, an environment is being developed in which personnel can easily access, understand, and apply the relevant rules and requirements.

Risk Management

Quality Assurance Activities

The IHI Group carries out its business activities under obtaining Quality Management System (QMS) certification based on public standards such as ISO 9001 at its sites 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 third-party certification.
Of the 61 locations of IHI and its consolidated subsidiary companies in Japan and overseas, 49 locations have acquired the QMS certification for fiscal 2025 (certification attainment rate: 80.3%). The breakdown is 28 of 34 locations in Japan (certification attainment rate: 82.4%) and 21 of 27 locations overseas (certification attainment rate: 77.8%).
To maintain and improve the effectiveness of the QMS, business units themselves verify the implementation status of the QMS in daily operations through internal audits. Rather than merely obtaining third-party certification, Corporate divisions at headquarters also take the lead in reviewing and verifying how QMS processes have been established and operated based on QMS implementation requirements standardized across the IHI Group, thereby promoting continuous improvement.
In line with the IHI Group quality policy and key quality measures and based on annual and medium-term plans of each operating company and business area, the IHI Group sets quantitative quality objectives and target dates according to product characteristics and business operations. Progress toward these objectives is monitored through the operation of the QMS and the objectives are regularly reviewed and revised through internal audits and management reviews. For example, in the Industrial Systems & General-Purpose Machinery Business Area, quality costs associated with addressing defects (an internal management indicator: warranty and service costs) and the ratio of such costs to cost of sales (warranty and service cost ratio) are monitored. These indicators are used for non-mass-produced models, with certain exceptions, to capture the occurrence and impact of quality defects on a monetary basis and to verify the effectiveness of quality improvements. For fiscal 2026, the targets have been set at warranty and service costs of 944 million yen and a warranty and service cost ratio of 0.52% (cost-of-sales basis). In this business area, the Group aims to achieve a warranty and service cost ratio of less than 0.5% over the medium term.
In addition, in order to make Quality Assurance Activities using QMS more effective, the IHI 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 outstanding initiatives throughout the entire company by announcing them at Group-wide results reporting meetings.

Ensuring Product Safety

To ensure product safety, the IHI Group has established systems tailored to each stage from design and development through manufacturing and post-delivery response, and operates them systematically. The key systems and processes for ensuring product safety are outlined below.

(1) Risk mitigation during the design and development stage
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.

(2) Quality and safety requirements for suppliers
Under its procurement policies and related rules based on the IHI Group Code of Action, the IHI Group sets standards for its suppliers regarding the quality, performance, reliability, and safety of products and services.
The Group communicates these standards to suppliers through procurement requirements, contract terms, and other means, and deploys these standards and verifies compliance with them in procurement and contracting processes to ensure that the quality standards expected by the Group are continuously met. To ensure quality, it is important to communicate requirements, including applicable laws and regulations, to suppliers appropriately and specifically.

Accordingly, the Corporate Divisions conduct reviews to confirm that each Business Area fully understands and appropriately cascades requirements to suppliers.

(3) Prevention of nonconformities and their release in each process
Based on its Quality Management System, the IHI Group conducts activities to verify the quality of outputs, including design drawings, products, and records, throughout each process from design and development to procurement, manufacturing, inspection, and shipment (delivery), according to product characteristics and business operations. Through these activities, the Group works to prevent the occurrence of nonconformities (conditions that fail to satisfy customer requirements, laws and regulations, standards, or internal rules) and their release to subsequent processes or external parties. If a nonconformity is detected, the Group identifies and segregates it to prevent unintended use or delivery. The Group then takes measures depending on the nature and impact of the nonconformity, including correction, repair, disposal, suspension of shipment, notification to customers, and acceptance under concession with customer approval, where necessary. The Group also takes corrective actions (to prevent recurrence).

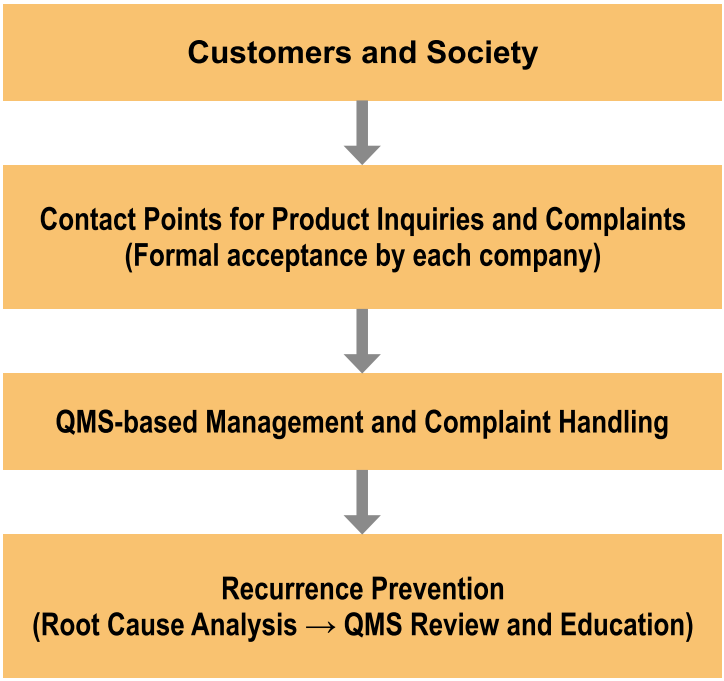
Key initiatives at each stage are as follows:

- Design stage: Reviewing and verifying design outputs (design reviews) to ensure conformity with requirements and prevent the occurrence of nonconformities.
- Procurement stage: Promoting Group-wide efforts to directly verify supplier understanding of and compliance with critical requirements such as legal and regulatory requirements, rather than relying solely on suppliers, to prevent the occurrence and escape of nonconformities.
- Manufacturing and production stage: Conducting quality verification at each stage of manufacturing, production, inspection, and testing and, if a nonconformity is detected, identifying and segregating it and taking prescribed measures to prevent its escape.
- Final verification stage: Conducting final quality verification prior to delivery and, if a nonconformity is detected, identifying and segregating it and taking measures, including suspension of shipment, to prevent its escape.

(4) Customer Complaint Handling Process
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, each organization provides contact points for product inquiries through which customers can submit complaints and request resolution. In addition to general inquiries, these contact points formally accept complaints and concerns regarding products, and the nonconformity is handled in accordance with the procedures defined in each organization's QMS. Information received through these contact points is also addressed in coordination with relevant divisions and appropriately handled, including notifying customers upon receipt (acknowledgment of receipt). Where necessary, customers are informed of response policies and expected response timeframes. Certain businesses have developed response systems through service sites and other locations, enabling customer inquiries and requests to be addressed in coordination with relevant divisions.

(5) Recurrence prevention and incorporation into management systems
To prevent the recurrence of previous nonconformities, the Group conducts a thorough investigation of the problem, which may include issues with systems and procedures, their management and operation, competence management, education and quality awareness. Based on the investigation results, the Group reviews the Quality Management System (QMS) that encompasses these elements and conducts the necessary education and training, thereby leading to more reliable recurrence prevention.

Customer Complaint Response Process (Overview)



* This diagram illustrates the common approach and framework for customer complaint handling across the IHI Group. Specific operating methods and procedures may vary across companies and organizations.

(6) Response to significant quality issues and information disclosure

When quality issues or instances of quality misconduct are identified, the IHI Group conducts root cause analysis and implements corrective and recurrence prevention measures, managing such matters within its quality management and crisis management frameworks.

The Group also makes appropriate external disclosures regarding significant quality issues or quality misconduct, taking into consideration laws, regulations, and potential social impact.

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 these surveys also vary depending on the characteristics of each business. The results of these surveys, including website inquiries, are analyzed and shared with related divisions and are reflected in product and service design processes and other relevant activities, thereby contributing to quality improvement.

Initiatives at IHI Rotating Machinery Engineering Co., Ltd.

IHI Rotating Machinery Engineering Co., Ltd. (IRM), a comprehensive engineering company specializing in rotating machinery, operates an integrated business covering product development, manufacturing, sales, and maintenance, providing products and services to a wide range of customers both in Japan and overseas. To deliver services that earn the trust of its customers, IRM conducts customer satisfaction surveys tailored to the characteristics of its products and services.
Among these surveys, the customer satisfaction survey for general-purpose compressors (screw, centrifugal, and reciprocating compressors) for the Japanese market recorded a result of 93.3% in fiscal 2025, based on the combined responses of “satisfied” and “somewhat satisfied.” IRM shares the results of these surveys internally and uses them to assess how well products and services meet customers’ needs and expectations. IRM also continuously improves quality and enhances customer satisfaction.

Results of the Customer Satisfaction Survey for General-Purpose Compressors for the Japanese Market

Metric	FY2022	FY2023	FY2024	FY2025
Percentage of customers who responded “satisfied” or “somewhat satisfied”	87.5%	87.9%	87.9%	93.3%

* The percentage of customers who responded “satisfied” or “somewhat satisfied” is calculated as the number of customers who selected either response (numerator) divided by the total number of customers who responded to the survey (denominator).

Metrics and Targets

Number of Law Violations

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Laws/regulations relating to PR activities	IHI and consolidated subsidiaries	Incidents	0	0	0	0

Quality-Related Training Participants

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
IHI Group Quality Declaration	IHI and affiliated companies in Japan	Persons	262	384	852	1,012
Quality Compliance Training Based on Case Studies	IHI and affiliated companies in Japan	Persons	—	—	—	2,600
Quality Assurance Training for Officers	IHI and affiliated companies in Japan	Persons	—	—	—	196

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.
In fiscal 2025, the Group introduced a new case study-based education program on quality and compliance using past quality incidents. This program is intended to encourage employees to relate quality to their own work and reflect quality considerations in their daily actions and decision-making, and is being rolled out in stages according to organizational circumstances. The Group also conducts workshops for management to deepen their understanding of the relationship between management and quality assurance, as well as the importance of quality in management decision-making.

Disclosure of Information about Products and Services

The IHI Group provides information about its products and services through various media, such as television commercials and newspaper advertisements, the Group website and social media. Through these channels, the Group communicates information on its products and services to help a broad range of stakeholders deepen their understanding of its business activities. The Group cooperates with all relevant internal departments to provide accurate information in accordance with copyrights and trademark laws and other relevant laws, regulations and industry rules. The effectiveness of these advertisements is evaluated to examine opportunities for areas of improvement.

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, 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)

Under the principles regarding responsibility to local communities and the international community set forth in the Basic Code of Conduct for the IHI Group, 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). The Group will continue to pursue such initiatives in fiscal 2026.

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 2025, the IHI Group invested a total of ¥547 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 increased by ¥64 million compared to fiscal 2024.

Breakdown of Social Contribution Activity Expenses

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Breakdown by activity content	Coexistence with local communities	IHI and consolidated subsidiaries	Millions of yen	335	312	236	324
	Development of next-generation professionals	IHI and consolidated subsidiaries	Millions of yen	121	185	206	166
	Conservation of the global environment*	IHI and consolidated subsidiaries	Millions of yen	31	—	—	—
	Others	IHI and consolidated subsidiaries	Millions of yen	2	35	41	57
Breakdown by expenditure	Cash investment	IHI and consolidated subsidiaries	Millions of yen	251	244	288	324
	Time investment	IHI and consolidated subsidiaries	Millions of yen	94	184	140	152
	Goods donations and site costs	IHI and consolidated subsidiaries	Millions of yen	144	104	54	70
Reference	Membership fees for local organization	IHI and consolidated subsidiaries	Millions of yen	15	23	22	33
	Operating costs	IHI and consolidated subsidiaries	Millions of yen	106	97	93	106

* 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.

Activity Results

Priority Area	Index		Scope	FY2022	FY2023	FY2024	FY2025
Coexistence with local communities	Business interests*2	Number of visitors to events	IHI and consolidated subsidiaries	1,535	18,803	18,949	21,448
	Social/environmental interests*2	Investments to local communities	IHI and consolidated subsidiaries	JPY 335 million	JPY 312 million	JPY 236 million	JPY 324 million
Development of next-generation professionals	Business interests*2	Number of participants in STEAM education	IHI and consolidated subsidiaries	7,468	7,593	1,378	1,983
	Social/environmental interests*2						
Conservation of the global environment*1	Business interests*2	Number of participants in hosted events	IHI and consolidated subsidiaries	156	—	—	—
	Social/environmental interests*2	Environment protection area	IHI and consolidated subsidiaries	112㎡	—	—	—

*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 (FY2025)

(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	Soma Nomaoi (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	188	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	170	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 2,700	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	250	Local residents and PTNA (Piano Teachers' National Association of Japan) representatives IHI Group employees and their families
	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	1,770	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	41 times	1,532	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	Host	IHI Tsurugashima Works	Tsurugashima City, Saitama Prefecture	8 times	262	Neighborhood municipalities, junior high school students
	Cleanup activities near offices	Regular cleaning activities	Host	IHI Group	Group business location	74 times in total	1,652	IHI Group employees
	Blood donation	Cooperating with blood donations hosted by the Japanese Red Cross Society	Cooperation	IHI Group	Group business location	47 times in total	2,027	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	—	—	To date, 40 saplings have been planted at the IHI Yokohama Office
	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	Cooperation	IHI, IHI Construction Service	Higashiomi City, Shiga Prefecture	—	51	IHI Group employees
Development of next-generation professionals	School visits: Exploring the secrets of jet engines	Learn how jet engines work through classroom lectures and experiments, and gain a better understanding of the IHI Group's aircraft business	Host	IHI Soma Office, IHI Head Office	Soma City, Fukushima Prefecture; Koto Ward, Tokyo	5 schools	444	Neighborhood elementary/junior high school students
	School visits: Ammonia	Learn about the characteristics of ammonia through experiments and gain a better understanding of the ammonia business that IHI is working on		IHI Head Office, IHI Power Systems	Koto Ward, Tokyo; Ota City, Gunma Prefecture	3 schools	323	Neighborhood elementary school students
	School visits: Carbon dioxide capture technology	Learn about the mechanism of global warming, carbon dioxide capture methods, etc., and gain a better understanding of IHI's carbon capture technology		IHI Head Office	Minamisoma City, Fukushima Prefecture	1 school	27	Neighborhood junior high school students
	School visits: Mechanism of rockets	Learn about the structure of rockets and how they are launched, and gain a deeper understanding of IHI's rocket business		IHI Head Office	Kawasaki City, Kanagawa Prefecture	1 school	27	Neighborhood junior high school students
	School visits: How forests and soils work	Learn the importance of protecting the rich nature and maintaining the ecosystem by observing soil organisms that live in the areas around us		IHI Soma Office, IHI Kagoshima Office	Soma City, Fukushima Prefecture; Kagoshima City, Kagoshima Prefecture	4 schools, 1 facility	119	Neighborhood elementary school students
	IHI manufacturing class	Experience the joy of manufacturing things through activities such as launching plastic bottle rockets, making bath bombs, and trying out string telephones	Host	IHI Yokohama Office	Yokohama City, Kanagawa Prefecture	1 time	60 pairs (elementary school students and their parents)	Local residents, 36 IHI Group employee participants (staff)
	Toyosu Mirai Project	Developing young people who will support future science and technology through hands-on bridge-building activities using pasta and clay	Co-host	IHI	Koto Ward, Tokyo	1 time	50	Neighborhood elementary school students, 17 IHI Group employee participants (staff)
	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	13 locations	235	Junior high school students, high school students, technical college students, and university students in nearby areas
Others	Disaster recovery support	Donations made for natural disasters in Japan and overseas	—	—	—	2	¥10,400,000	Donation to Nanao City, Ishikawa Prefecture Donation to the Japanese Red Cross Society for the Central Myanmar Earthquake

Governance

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Corporate Governance

Approach Policy Structure

Approach

IHI defines corporate governance, as defined by its Board of Directors, 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

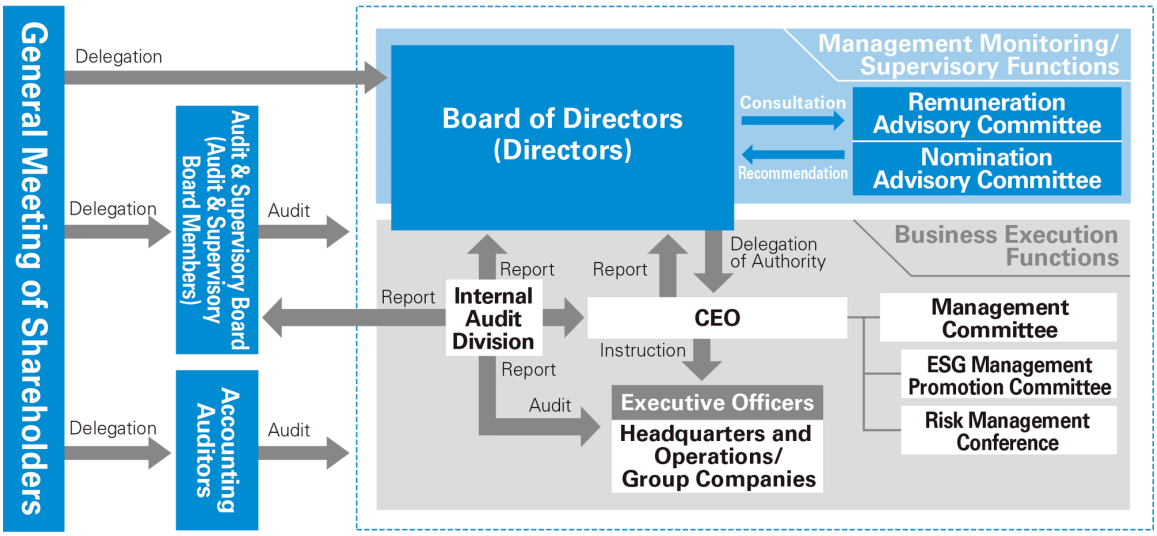
IHI will work to enhance its corporate governance in line with the following basic policies set forth by its Board of Directors.

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 11 Directors (including six Independent Directors), and Independent Directors constitute a majority of the Board, and one serves as its Chair.
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 2025 and focused its discussions on formulating a new long-term management guideline to replace the Group management policies that had been in place for the previous three years.
Attendance in fiscal 2025 is 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 is composed of five members: three Independent Directors, one Independent Audit & Supervisory Board Member, and the Representative Director and President, to ensure the suitability and objectivity of officer remuneration. The Committee is chaired by an Independent Director.
In fiscal 2025, the Committee convened six times and deliberated on remuneration policy and details for Directors and Executive Officers, and revisions to the remuneration system. All members were present at every meeting in fiscal 2025.

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 six Independent Directors, and the Representative Director and President, with an Independent Director acting as Chairperson for the purpose of ensuring proper implementation of officer appointments.
In fiscal 2025, the Committee convened six times and deliberated on matters including proposals for officer appointments and succession planning. All members were present at every meeting in fiscal 2025.

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 23 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 40 times in fiscal 2025.
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 14 times in fiscal 2025, 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, in each fiscal year to verify the appropriateness of the presentation of the Company's assets and profit status in its financial statements.

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 a total of seven members: six 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

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, so that each woman employee is able to make greater contributions in key human resource roles.

<Targets>

- Ratio of female Managers: 7% in FY2026 and 15% in FY2030
- Ratio of new female university graduate recruitment: About 20% in FY2026

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, 2026)

Name Position at IHI	Inside/ Outside	Gender	Attendance at Board of Directors Meetings in FY2025*1	Period in Office	Number of IHI Shares Owned	Appointments to Advisory Committees	
						Remuneration Advisory Committee	Nomination Advisory Committee
Hiroshi Ide Representative Director and President	Inside	Male	18 of 18 (100%)	6 years	82,500 shares	Member	Member
Hideo Morita Representative Director	Inside	Male	18 of 18 (100%)	5 years	45,100 shares	—	—
Jun Kobayashi Representative Director	Inside	Male	18 of 18 (100%)	3 years	4,500 shares	—	—
Atsushi Sato Representative Director	Inside	Male	13 of 13 (100%)	1 year	21,300 shares	—	—
Akihiro Seo Director	Inside	Male	18 of 18 (100%)	4 years	22,400 shares	—	—
Yoshiyuki Nakanishi Independent Director Chairperson of the Board	Outside	Male	18 of 18 (100%)	6 years	12,700 shares	Member	Member
Chieko Matsuda Independent Director	Outside	Female	18 of 18 (100%)	6 years	17,200 shares	—	Chairperson
Minoru Usui Independent Director	Outside	Male	18 of 18 (100%)	5 years	27,900 shares	Chairperson	Member
Toshihiro Uchiyama Independent Director	Outside	Male	18 of 18 (100%)	4 years	6,300 shares	Member	Member
Yayoi Tanaka Independent Director	Outside	Female	13 of 13 (100%)	1 year	0 shares	—	Member
Kenichiro Yoshida Independent Director	Outside	Male	13 of 13 (100%)	1 year	4,600 shares	—	Member

*1 Attendance at Board of Directors meetings held after appointment as a Director is shown.

Members of the Audit & Supervisory Board (as of July 1, 2026)

Name Position at IHI	Inside/ Outside	Gender	Attendance at Board of Directors Meetings in FY2025	Attendance at Audit & Supervisory Board Meetings in FY2025*2	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	17 of 18 (94%)	13 of 14 (93%)	2 years	11,700 shares	—	—
Yasuaki Fukumoto Standing Audit & Supervisory Board Member	Inside	Male	18 of 18 (100%)	11 of 11 (100%)	1 year	17,100 shares	—	—
Aiko Sekine Independent Audit & Supervisory Board Member	Outside	Female	17 of 18 (94%)	14 of 14 (100%)	6 years	0 shares	—	—
Yumiko Waseda Independent Audit & Supervisory Board Member	Outside	Female	18 of 18 (100%)	14 of 14 (100%)	5 years	0 shares	—	—
Kazuhiro Muto Independent Audit & Supervisory Board Member	Outside	Male	18 of 18 (100%)	14 of 14 (100%)	3 years	23,600 shares	Member	—

*2 Attendance at Audit & Supervisory Board meetings held after appointment as an Audit & Supervisory Board Member is shown.

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

		Unit	FY2022	FY2023	FY2024	FY2025
Independent Director	Board of Directors meetings	%	99	97	100	100
Independent Audit & Supervisory Board Member	Board of Directors meetings	%	98	100	94	98
	Audit & Supervisory Board meetings	%	100	100	100	100

Ratio of Independent Directors

	Unit	FY2022	FY2023	FY2024	FY2025
Ratio of Independent Directors	%	33	33	33	50

Significant Concurrent Positions of Independent Officers (as of July 1, 2026)

Name Position at IHI	Number of Significant Concurrent Positions	Significant Concurrent Positions at Other Companies
Yoshiyuki Nakanishi Independent Director Chairperson of the Board	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	Honorary Advisor, NSK Ltd. Outside Director, Nikon Corporation
Yayoi Tanaka Independent Director	1	Outside Director, Japan Exchange Group, Inc.
Kenichiro Yoshida Independent Director	2	Outside Director, Cuorips, Inc. Chairman and Partner, Ichigo Asset Management, Ltd.
Aiko Sekine Independent Audit & Supervisory Board Member	4	Certified Public Accountant Advisor, JICPA Professor, Faculty of Commerce, Waseda University Outside Director (Audit & Supervisory Committee Member), NIPPON STEEL CORPORATION
Yumiko Waseda Independent Audit & Supervisory Board Member	2	Attorney at Law Outside Audit & Supervisory Board Member, Chugai Pharmaceutical Co., Ltd.
Kazuhiro Muto Independent Audit & Supervisory Board Member	1	Corporate Executive Vice President and Chief Client & Growth Officer, NEC Corporation

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	Hiroshi Ide	○		○	○				
	Hideo Morita		○	○					○
	Jun Kobayashi			○	○				
	Atsushi Sato		○						
	Akihiro Seo						○		○
	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 FY2025 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 remuneration, 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 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 remuneration, an annual incentive, and a long-term incentive.
  The base remuneration shall serve as fundamental remuneration for performing duties and be determined according to the level of responsibility of each officer. 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, promote DE&I, and ensure risk management and compliance.

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.

Monetary amount to be paid = (Standard payment amount corresponding to titles and positions and type of profit indicators used for reference × Performance evaluation payout rates proportionate to the profit indicators) × Adjustment factor based on growth rate of consolidated operating profit + Payment amount based on ESG indicators

(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.

IHI's shares to be delivered = Base points corresponding to titles and positions × Performance evaluation payout rates × The ratio obtained by dividing the months of service in the fiscal year under review by 12 × 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 remuneration.

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 remuneration in the light of their duties. Remuneration of Audit & Supervisory Board Members shall consist only of a base remuneration, 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 remuneration 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 FY2025 Remuneration

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

Officer Category (Persons)		Unit	Total Amount Paid	Breakdown			
				Base remuneration	Performance-based Share Remuneration*1	Restricted Share Remuneration Plan	Performance-based Bonus*2
Directors (15)	Inside Directors (9)	Millions of yen	748	416	88	61	181
	Independent Directors (6)	Millions of yen	79	79	—	—	—
Audit & Supervisory Board Members (6)	Inside Audit & Supervisory Board Members (3)	Millions of yen	72	72	—	—	—
	Independent Audit & Supervisory Board Members (3)	Millions of yen	43	43	—	—	—
Total (21)		Millions of yen	942	610	88	61	181

*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

Name	Officer Category	Unit	Total Amount Paid	Breakdown			
				Base remuneration	Performance-based Share Remuneration*1	Restricted Share Remuneration Plan	Performance-based Bonus*1
Tsugio Mitsuoka	Director	Millions of yen	149	69	18	13	46
Hiroshi Ide	Director	Millions of yen	159	72	20	15	52
Jun Kobayashi	Director	Millions of yen	189	142*2	14	10	22

*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)	159,000,000
Average annual salary (yen) of IHI employees (Total: 8,199)	10,005,041
Ratio (CEO : employees)	16 : 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: 240.0 billion JPY Target: 120.0 billion JPY Lower: 0.0 billion JPY	152.3 billion JPY	50.8%
Consolidated operating cash flows*3	40%	0–200%	Upper: 185.0 billion JPY Target: 100.0 billion JPY Lower: 0.0 billion JPY	121.3 billion JPY	50.1%
ESG indicators	20%	0–200%	Set target individually based on each KPI and the result is decided at the Board of Directors.		21.7%

*1 Performance-based bonus: Provided as their business execution for the fiscal year ended March 31, 2026.

*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: 11% Target: 8% Lower: 5%	9.4%	123%

* Performance-based share remuneration: The fiscal year ended March 31, 2024, will be the beginning fiscal year of the performance evaluation period, and the fiscal year ended March 31, 2026 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
- Support System for Directors and Audit & Supervisory Board Members

IHI has been evaluating the performance of the Board of Directors annually since fiscal 2015 to further its effectiveness. To enhance the independence and objectivity, an evaluation is conducted by an external third-party organization once every three years, most recently in fiscal 2024.
IHI will continue to work toward enhancing the effectiveness of its Board of Directors in order to achieve sustainable growth for IHI Group, as well as to increase its corporate value over the medium to long term.

Basic Effectiveness Evaluation Process



Initiatives That Underwent Effectiveness Evaluation and Their Results

	Items	Evaluation Results	Initiatives in Response to Evaluation Results
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	**<Policy for FY2025 Initiatives>** ・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
FY2025 Evaluation	**Self-evaluation** ・Conducted with the support of an external third-party organization: - Anonymous questionnaire for all Directors and Audit & Supervisory Board Members - Individual interviews with all relevant Directors and Audit & Supervisory Board Members based on the analysis of the questionnaire results ・Aggregate and analyze the results of the questionnaire and individual interviews, and report them to the Board of Directors, and identify self-evaluation and areas for improvement at the Board level * Questionnaire topics include the composition and operation of the Board of Directors, discussions held at Board meetings, the roles and functions of the Board, the operation and discussions of the Nomination Advisory Committee and the Remuneration Advisory Committee, support systems for Independent Directors, and relationships with investors and shareholders, among others.	**<Overall evaluation>** ・IHI concluded through self-evaluation that the effectiveness of its Board of Directors remains assured and that progress has been made in discussions regarding its business portfolio. **<Identified issues>** ・IHI recognized the need to further enhance the quality of discussions regarding the governance systems that underpin its business operations and its long-term business strategies, with a view to improving the Board of Directors' effectiveness in the future.	**<Policy for FY2026 Initiatives>** ・Ensure ample opportunities for discussion by scheduling agenda items throughout the year—based on discussions among Independent Directors and Independent Audit & Supervisory Board Members—regarding key management issues such as governance systems, growth investments to realize IHI's future business portfolio, digital transformation (DX), and human resource development. ・Implement operational improvements to make the most of the Board's limited time and ensure substantive discussions, including enhancement of board meeting materials and review of meeting operations ・In light of a series of misconduct incidents at IHI's consolidated subsidiaries, continuously monitor the progress of measures to prevent recurrence; transform its organizational climate so that every employee takes compliance seriously and adheres to it rigorously; and establish a system designed to prevent such incidents from occurring.

Support System for Directors and Audit & Supervisory Board Members

With the aim of vitalizing Board deliberations, IHI is primarily implementing the following measures:

- Distribute board meeting materials in advance (approximately one week prior to the board meeting)
- Provide advance explanations to all Independent Directors and Independent Audit & Supervisory Board Members (with explanations by the responsible departments, followed by Q&A sessions)
- Conduct off-site meetings attended by all Independent Directors and Independent Audit & Supervisory Board Members for the purpose of discussing medium- to long-term management themes
- Formulate an annual list of Board of Directors agenda items that reflects discussions by Independent Directors and Independent Audit & Supervisory Board Members

In addition, to support Directors and Audit & Supervisory Board Members in acquiring the knowledge necessary to fulfill their roles and responsibilities, IHI bears the costs of training requested by individual officers, including holding seminars by experts or specialists, or participation in external seminars. IHI also arranges regular site visits to its business locations and construction sites to deepen their understanding of its business and products. In fiscal 2025, IHI set up tours of domestic works and business sites.

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.

In fiscal 2026, IHI established a Corporate Secretary Division responsible for the Board of Directors Secretariat and related functions, thereby enhancing support for Directors and Audit & Supervisory Board Members. For the Independent Director who serves as Chair of the Board of Directors, IHI arranges individual briefings prior to Board meetings to provide information on the background of each agenda item, the deliberation process, and anticipated points of discussion, thereby offering support to assist them in managing the proceedings as Chair.

IHI will continue to provide support to ensure that all Directors and Audit & Supervisory Board Members can effectively fulfill their roles and responsibilities.

Audit & Supervisory Board Activities

Approach Policy Initiatives

Approach

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.
The Audit & Supervisory Board and its members conduct audits based on an annual audit plan with the objective of establishing a sound corporate governance system that enables the IHI Group to achieve sound and sustainable growth, create corporate value over the medium to long term, and fulfill its responsibilities to society.

Policy

The Audit & Supervisory Board conducted audits based on the following key audit items established in fiscal 2025 Audit & Supervisory Board audit plan.

Key Audit Items for FY2025

Key Audit Items	Key Points for Audit Review
(1) Thorough compliance with important laws and regulations	・Reinforcement of compliance with laws and regulations and establishment of mechanisms to identify and address potential risks proactively ・Investigation and response through the internal whistleblowing system (Compliance Hotline), addressing root causes, providing education, and sharing case studies across the Group
(2) Rebuilding the internal control system	・Embedding of the Three Lines Model* structure, together with its effectiveness and the effective fulfillment of the roles and responsibilities of each line ・Strengthening economic security and information security, and providing related education * Three Lines Model: A framework for organizational risk management and control activities, consisting of the first line (business divisions), the second line (risk management divisions), and the third line (internal audit divisions).
(3) Further strengthening of the risk management and project execution structures	・Planning and implementation of risk management activities, primarily led by the second line ・Execution of measures to prevent recurrence of misconduct and other inappropriate incidents ・Advancement of risk management in growth and development-focus businesses
(4) Completion of the Group Management Policies 2023 and formulation of the next management policy	・Alignment of initiatives in each division with company-wide objectives, and their appropriate deployment and monitoring ・Restoration of profitability in conventional businesses and execution of Group company reorganization, etc. based on business portfolio analyses ・Continuous promotion of company-wide cash generation initiatives ・Implementation of measures to foster employee understanding of and commitment to the next management policy
(5) Group companies requiring close monitoring of business performance	・Initiatives to improve profitability and business performance at Group companies requiring close management monitoring
(6) Completion of the Group Human Talent Strategy 2023, elimination of occupational accidents, and thorough support for resource shifts	・Development and acquisition of talent capable of driving transformation and initiatives to address challenges related to DE&I ・Embedding and institutionalization of hazard management, and its practical application in day-to-day operations ・Readiness of receiving organizations and post-transfer integration of personnel reassigned to growth businesses through resource shifting
(7) Creating a workplace where employees feel empowered to speak up and continuously driving transformation, while enhancing employee engagement	・Implementation of the IHI Group transformation initiatives designated as a company-wide priority for FY2025 ・Realization of a workplace culture where employees feel empowered to speak up ・Effective utilization of employee engagement survey results

Initiatives

The following activities were conducted in accordance with the fiscal 2025 Audit & Supervisory Board audit plan established by the Audit & Supervisory Board.

●Conducted based on the respective roles between Standing Audit & Supervisory Board Members and Independent Audit & Supervisory Board Members ■Conducted by the Audit & Supervisory Board

Area	Overview of FY2025 Audit & Supervisory Board Activities	Standing Audit & Supervisory Board Members	Independent Audit & Supervisory Board Members
(1) Directors	Attendance at Board of Directors meetings	●	●
	Exchange of views with the Representative Director and President	● (monthly)	
		■ (twice a year)	
	Exchange of views with Independent Directors	●	●
	Meetings and interviews with Representative Directors and Directors	●	
		■ (once a year)	
(2) Business Execution	Attendance at important meetings, including Management Committee meetings	●	
	Regular meetings with designated compliance divisions	● (monthly)	
	Regular meetings with the designated occupational safety divisions	● (monthly)	
	Exchange of views with Executive Officers and division heads	● (twice a year)	
		■ (once a year)	
	Review of important approval documents and minutes of important meetings	●	●
(3) Group Companies	Audits and site visits to Group companies in Japan (18 companies)	●	●
	Audits and site visits to Group companies overseas (5 companies)	●	●
	Liaison meetings with Standing Audit & Supervisory Board Members of Group companies in Japan/overseas (15 companies)	● (twice a year)	
	Liaison meetings with part-time Audit & Supervisory Board Members of Group companies in Japan/overseas (33 companies)	● (once a year)	
	Liaison meetings with presidents and other executives of regional headquarters companies (3 companies)	● (twice a year)	
	Liaison meetings between the Audit & Supervisory Board and Audit & Supervisory Board Members of Group companies	■ (twice a year)	
(4) Internal Audit	Regular meetings with the Internal Audit Division	● (monthly)	
	Reports from the head of the Internal Audit Division on audit plans, progress, and audit results	■ (quarterly)	
(5) Accounting Audit	Regular meetings with the Accounting Auditors	● (monthly)	
	Reports from the Accounting Auditors on audit plans, interim audit reviews, and audit execution results	■ (quarterly)	

IHI Group Audit & Supervisory Board Members General Liaison Meeting

The IHI Group holds the IHI Group Audit & Supervisory Board Members General Liaison Meeting once a year with the aim of strengthening Group governance and promoting collaboration among Audit & Supervisory Board Members. In fiscal 2025, the meeting was held in August and was attended by 50 Audit & Supervisory Board Members from Group companies, as well as three Independent Audit & Supervisory Board Members of IHI.
In addition to sharing the IHI Audit & Supervisory Board's audit plan and other information, Kazuhiro Muto, an Independent Audit & Supervisory Board Member, delivered a presentation on DE&I. During the presentation, examples of initiatives by leading companies were introduced, conveying a strong message that innovation can be fostered by embracing, appreciating, and leveraging the diversity each individual brings.

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 for cross-shareholding purposes. However, IHI may, in exceptional cases, hold shares in strategic partners for business alliances, joint research and development, or other forms of collaboration for the purpose of pursuing medium- to long-term growth and increased corporate value for IHI.

Management of Cross-Shareholdings

The propriety of shares that IHI holds in exceptional cases, including unlisted shares, is reviewed and reported annually to the Board of Directors by confirming the medium- and long-term significance of holding such shares.

Standards for Exercising Voting Rights

In exceptional cases of holding cross-shareholdings and exercising its voting rights, IHI considers each agenda item, confirming whether it will lead to an increase in corporate value over the medium- to long-term for the company in question, and checking that it will not impair IHI's own corporate value. If any doubt arises, IHI uses means such as dialogue with the company in question to determine whether it is for or against each agenda item.

Results

In fiscal 2025, IHI sold 22 security names among its 109 security names of cross-shareholdings (31 listed and 78 unlisted security names) it owned as of the end of the previous fiscal year.

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.

Transforming Corporate Culture

In June 2026, IHI AEROSPACE CO., LTD., a consolidated subsidiary of IHI Corporation, received a five-month suspension of eligibility to participate in competitive bidding from the Japan Aerospace Exploration Agency (JAXA), due to the confirmation of claims for payment based on reports that were inconsistent with the facts in contracts with JAXA relating to maintenance work for tools and equipment.
In response to past incidents of misconduct, the IHI Group has implemented measures to prevent recurrence and reinforced compliance throughout the Group. However, the confirmation of this new case in the course of those efforts has made us keenly aware that our initiatives remain insufficient in certain respects. To ensure that similar incidents never occur again, top management continues to communicate to all employees the message that “Compliance is a core value that each and every one of us must uphold. Without thorough compliance, there will be neither survival nor growth for the IHI Group.” We are also promoting workplace-based dialogue initiatives and enhancing training programs tailored to each employee level, including executives, managers, and new employees. Through these initiatives, we aim to transform our corporate culture from one in which concerns about inappropriate conduct go unspoken to one in which every employee takes personal ownership of compliance, puts it into practice, and resolves issues autonomously.

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) PDF

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 Officer in charge of Group Compliance 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

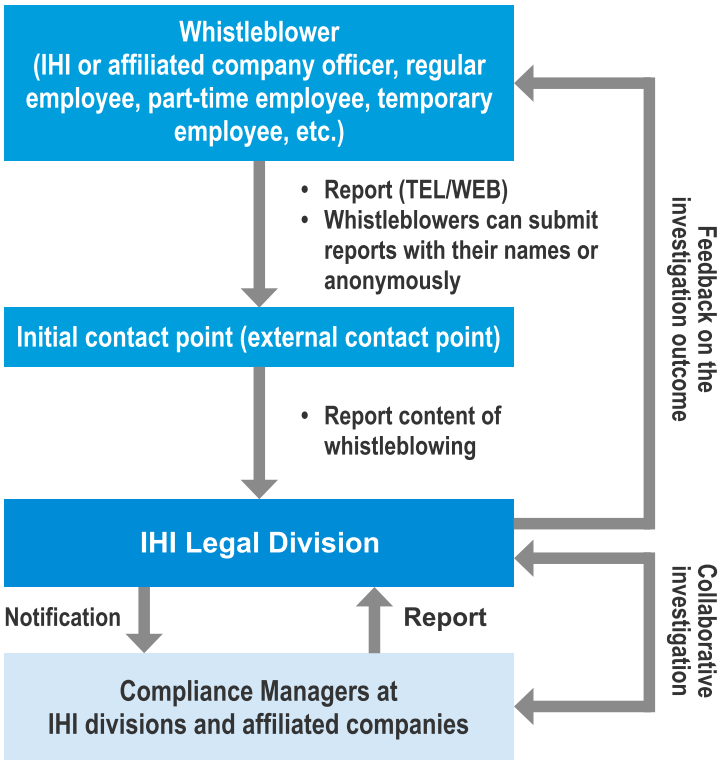
Chairperson	Officer in charge of Group Compliance
Members	Persons responsible for compliance implementation and promotion
Secretariat	Legal Division
Number of meetings convened in FY2025	2

Risk Management

Compliance Hotline

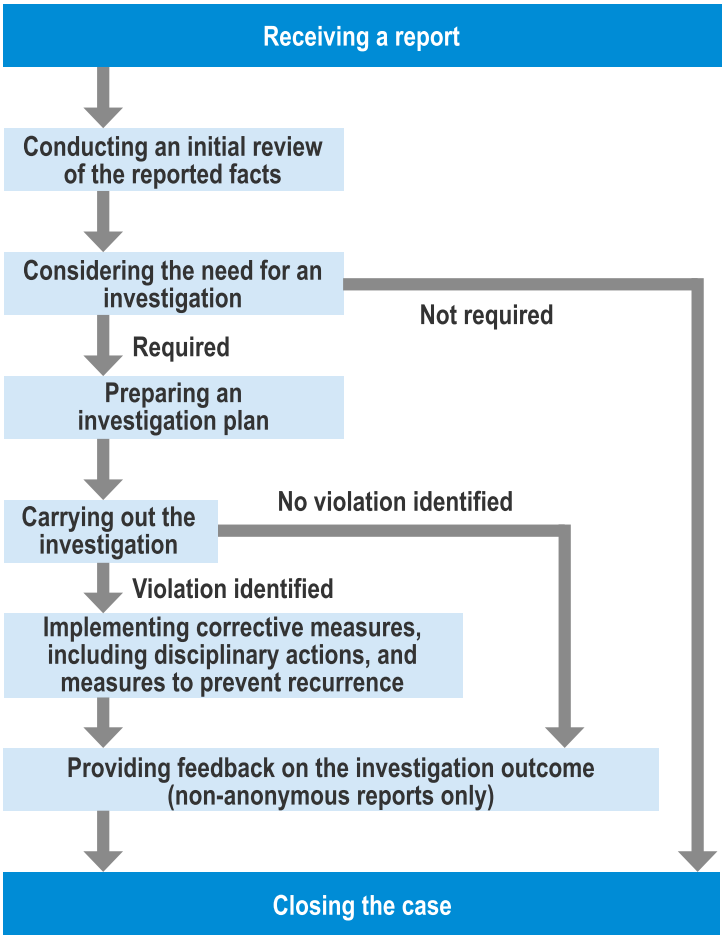
Framework of the Compliance Hotline

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 is an internal reporting system designed to identify, at an early stage or before they occur, any violations or potential violations of laws, internal regulations, and internal or external rules, and 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 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 also reinforced 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 contact point without going through their respective departments.
The hotline is not only available in Japan, but also overseas and reports can be submitted in the primary languages used in each country or region.
Furthermore, in order to monitor compliance-related risks and enable appropriate 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.



Process Following Receipt of a Report through the Compliance Hotline

The content of reports received by the external contact point is communicated to the Legal Division and, in principle, with the Compliance Managers of the relevant divisions and affiliated companies.
For each report, an initial review of the facts is first conducted based on the content of the report, after which the need for an investigation is assessed. If an investigation is deemed necessary, the Compliance Manager of the responsible division at the workplace where the issue occurred is notified, an investigator is appointed, and an investigation plan is formulated. The investigation is conducted through collaboration among the Legal Division, the relevant corporate divisions, and the responsible division, and the facts are clarified through interviews with related parties and reviews of relevant materials, in order to determine whether a compliance issue exists.
As a result, if a compliance violation is identified, corrective measures and measures to prevent recurrence are considered and implemented. In addition, for non-anonymous reports, feedback on the investigation outcome is provided to the whistleblower.



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.

* 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 via email and made available on the IHI Group’s internal website.

Metrics and Targets

Compliance Hotline (Internal Reporting)

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Reports	IHI and affiliated companies	Reports	286	314	246	242
Of which, the number of compliance violations confirmed*	IHI and affiliated companies	Reports	—	—	9	6
Corruption/bribery	IHI and affiliated companies	Reports	—	—	0	0
Discrimination/harassment	IHI and affiliated companies	Reports	—	—	9	6
Customer privacy data	IHI and affiliated companies	Reports	—	—	0	0
Conflict of interest	IHI and affiliated companies	Reports	—	—	0	0
Money laundering/insider trading	IHI and affiliated companies	Reports	—	—	0	0

* Cases confirmed as compliance violations are counted in the fiscal year in which they were reported.

Number of Participants in Compliance Training

Item			Scope*1	Unit	FY2022	FY2023	FY2024	FY2025
Participants	Quality & Compliance Training*2	Japan	IHI and affiliated companies in Japan	People	25,870	25,379	26,566	26,597
		Overseas	Affiliated companies overseas	People	5,334	5,072	5,923	5,204
	Compliance training for IHI officers*3		IHI	People	—	—	—	22
	Compliance training for officers of affiliated companies*4		Affiliated companies in Japan and overseas	People	—	—	—	184
	E-learning*2		IHI and affiliated companies in Japan	People	21,635	21,798	21,028	22,744
	E-learning on internal reporting*2 *5		Affiliated companies overseas	People	—	—	—	2,201

*1 The scope of the data has been corrected.

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

*3 Participants include IHI executive officers and standing audit & supervisory board members.

*4 Participants include standing directors and standing audit & supervisory board members of affiliated companies in Japan and overseas.

*5 In FY2025, training on whistleblowing was conducted.

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. The IHI Group has 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).

FY2024 (Fiscal Year Ended March 31, 2025) Country-by-Country Report (CbCR) (900KB) PDF

Archives

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 for the IHI Group 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. It also stipulates that violations of the policy will be subject to strict disciplinary action. 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, which further specifies the IHI Group Code of Action, and is continuously 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. It also stipulates that violations of the policy will be subject to strict disciplinary action. In addition, each Group company has established operating guidelines and has defined specific procedures and chief administrators regarding expenses for government officials, thereby working to improve the effectiveness of the regulations.

Governance

As a part of its internal control, the IHI Group regularly conducts audits and provides education, training, and other related activities for 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.
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 awareness-raising and educational activities on competition law compliance for all the officers and the employees of IHI Group, which cover 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 posts information on competition law and anti-corruption topics on its internal website, which is available to officers and employees. The Group updates such information as necessary while also making an effort to increase knowledge of these topics. Relevant internal rules and guidelines are also posted on its internal website, which officers and employees can read at any time.

Metrics and Targets

Training on Competition Laws and Anti-corruption Laws

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Participants (total)		IHI and consolidated subsidiaries	People	2,007	51,222	47,246	50,352
(Breakdown by topic)	Competition law	IHI and consolidated subsidiaries	People	622	26,148	24,016	23,371
	Anti-corruption law	IHI and consolidated subsidiaries	People	1,385	25,074	23,230	26,981
(Breakdown by region)	Japan	IHI and subsidiary companies in Japan	People	1,784	50,618	44,288	46,307
	Overseas	Subsidiary companies overseas	People	223	604	2,958	4,045

Number of Violations and Amounts of Surcharges, Fines, etc.

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Competition law	Number of violations	IHI and consolidated subsidiaries	Incidents	0	0	1	0
	Amount paid for surcharges, etc.	IHI and consolidated subsidiaries	Yen	0	0	0	0
Anti-corruption law	Number of convictions	IHI and consolidated subsidiaries	Incidents	0	0	0	0
	Amount paid for fines, etc.	IHI and consolidated subsidiaries	Yen	0	0	0	0

Expenditure to Lobbying, Political Organizations, Economic Organizations, Industry Organizations, etc.

Item		Scope	Unit	FY2022	FY2023	FY2024	FY2025
Expenditure	Lobbying, interest groups	IHI	Millions of yen	0	0	0	0
	Political organizations*1	IHI	Millions of yen	10	10	10	10
	Economic and industry organizations*2	IHI	Millions of yen	177	178	208	241
	Other (such as expenditure related to ballot measures or referendums)	IHI	Millions of yen	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 Japan Business Federation (Keidanren), the Japan Society of Industrial Machinery Manufacturers, 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.

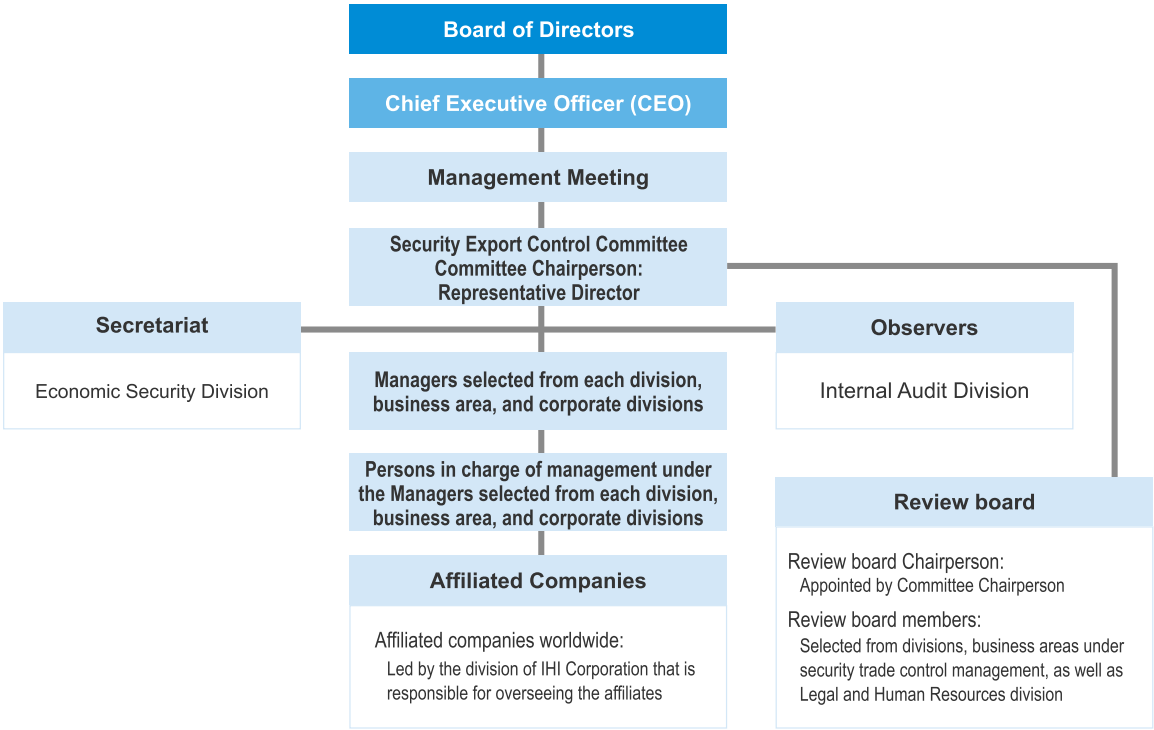
- The IHI Group does not export goods and/or transfer technology subject to control, even as an intermediary trade transaction, directly or indirectly to restricted countries or regions in violation of FEFTA without obtaining the license from the authorities.
- The IHI Group does not re-export goods 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 2025 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

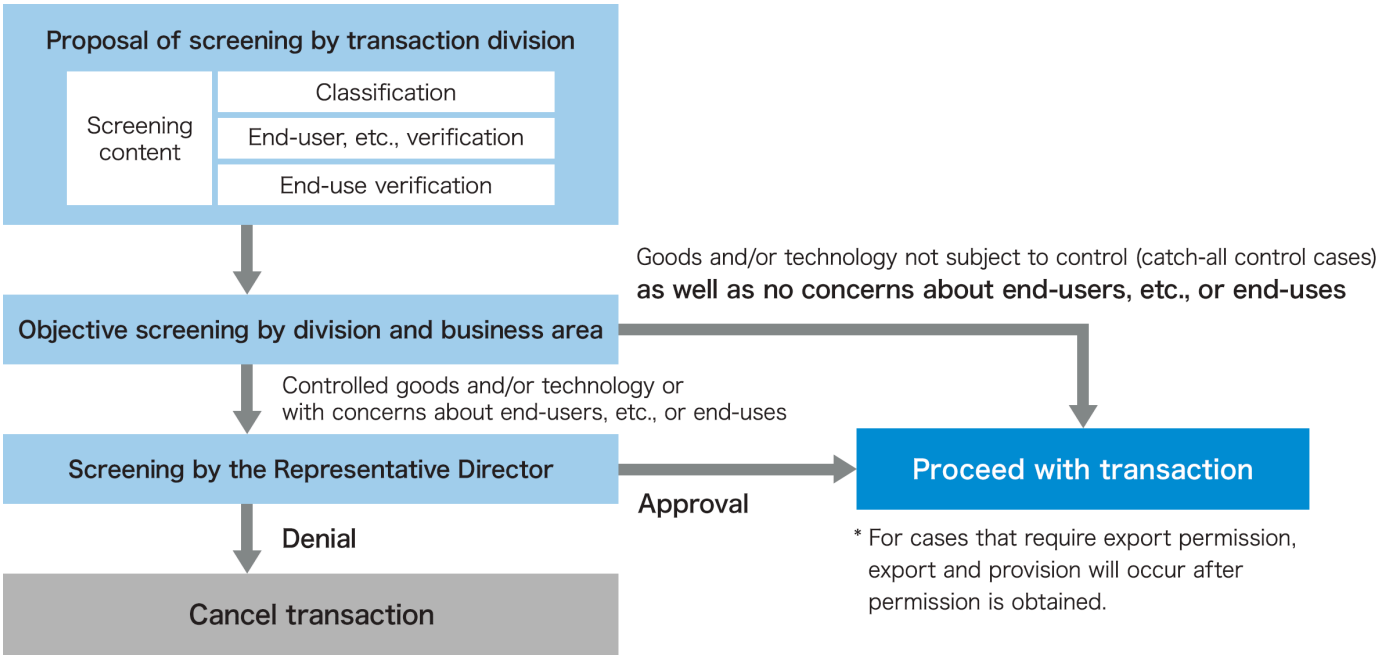
Committee Chairperson	Representative Director
Members	Managers selected from each division, business area, and corporate divisions
Secretariat	Economic Security Division
Number of meetings convened in FY2025	3

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 is well aligned with each 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

Approach Policy Risk Management Structure Risk Management Activities

Approach

The IHI Group recognizes risk management as indispensable to its corporate management and is working to strengthen it across the entire Group.
The basic objectives of risk management are to ensure business continuity, protect the safety of employees and their families, secure managerial resources, and maintain public trust.

Policy

Risk Management Policy

The IHI Group manages risks in accordance with the following action guidelines based on the Basic Code of Conduct for the IHI Group.

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

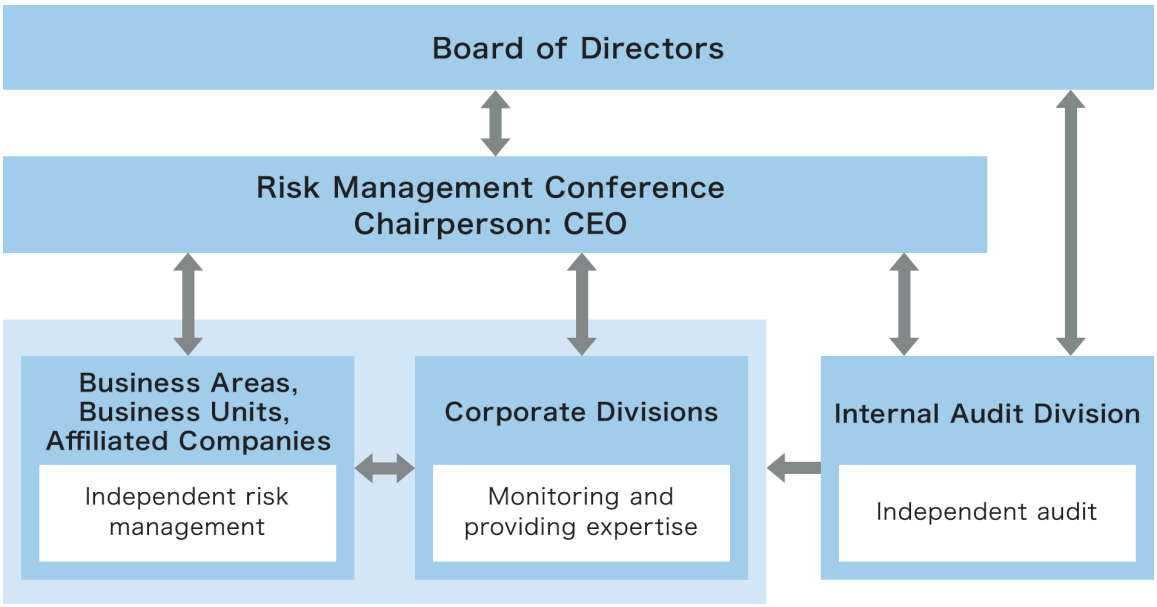
Risk Management Structure

The IHI Group has established the Risk Management Conference, chaired by the CEO, as a forum for discussing key matters related to group-wide risk management. The Conference develops risk management policies and annual plans, monitors their progress, identifies issues, and decides on corrective measures. The matters discussed by the Risk Management Conference are reported to the Board of Directors, which monitors, supervises, and evaluates the development of the systems and their operation required to achieve the objectives of risk management.
In addition, the IHI Group has established the Compliance Committee under the Risk Management Conference as a Group-wide committee on compliance. This Committee is chaired by the officer in charge of Group Compliance.

Compliance Structure >

In order to carry out effective risk management, the IHI Group has established a risk management structure that clearly defines 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

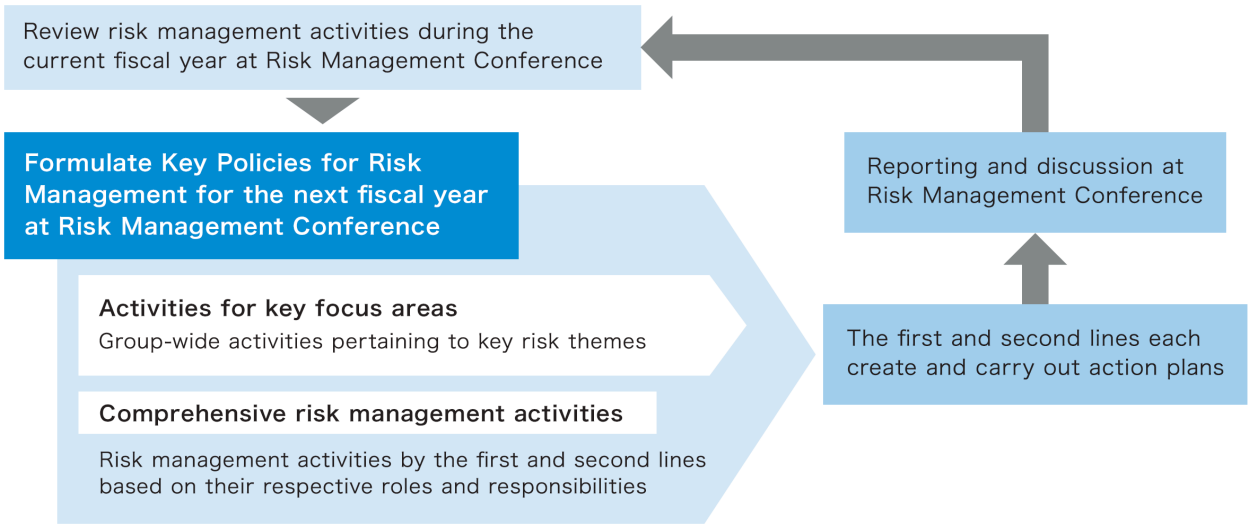
Chairperson	Chief Executive Officer (CEO)
Members	General Managers of Corporate Departments in charge of Group Risk Management (the Group Risk Management Units), Presidents of business areas, and others nominated by the Chairperson
Secretariat	Legal Division*
Number of meetings convened in FY2025	4

* Effective April 1, 2026

Risk Management Activities

The IHI Group has established the Risk Management Policies for each fiscal year. Each IHI division and affiliated company, including those overseas, carries out independent risk management activities proactively in accordance with these policies.
The Group conducts comprehensive, Group-wide risk management activities covering a wide range of business-related risks. It also identifies risks requiring particular attention as key focus areas for risk management.
The Group Risk Management Divisions responsible for specific risk areas are referred to as the Group Risk Management Units. Drawing on their expertise, they provide information and training, monitor the implementation of risk management activities, and support 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 Workflow



Risk Management Policy

The IHI Group's first line (business areas, business units, and affiliated companies), second line (corporate divisions), and third line (Internal Audit Division) each conduct independent and effective risk management based on their respective roles and responsibilities. In an increasingly uncertain social environment, the IHI Group as a whole identifies emerging risks that need to be addressed in a timely manner, considers response policies at the Risk Management Conference, and conducts proactive and organized risk management.

Key Focus Areas for FY2026

Through focused efforts on each of the themes described below, the IHI Group aims to achieve sustainable growth and enhance corporate value.

- Compliance and quality assurance
- Trade control
- Security

Addressing ESG Risks

The IHI Group has announced "the IHI Group ESG Management" in November 2021 and has recognized environmental, social, and governance-related issues as key management themes. In fiscal 2026, the IHI Group established its Medium-to-Longer-Term Direction toward 2040 and continues to pursue ESG-focused management.
Based on this approach, the IHI Group appropriately manages ESG-related risks (ESG risks) as key management risks through its internal organizations and various activities centered on the Risk Management Conference and the ESG Management Promotion Committee. The IHI Group's risk management activities cover ESG risks, which are monitored, supervised, and evaluated by its Board of Directors.

Risk Management and Assessment

Risks associated with business activities are managed by the respective business units, while risks common across the Group are managed by the Group Risk Management Units. Specific risk management activities are incorporated into measures formulated by the business units and the Group Risk Management Units and implemented according to plan. The results of risk management activities are reflected not only in the performance evaluations of general managers of these business units and the Group Risk Management Units, but also in those of managers and employees, based on the implementation status of these measures.

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

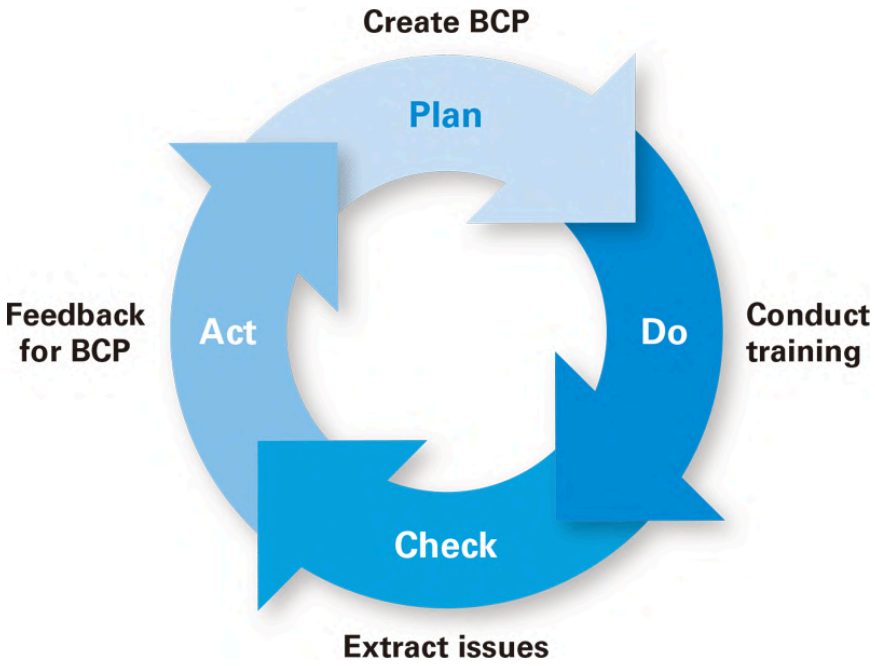
In the event of a situation that could have a serious impact on management or business operations, the Group will consider the degree of impact, such as the severity, ripple effects, and continuity of the crisis, set up a Crisis Management Headquarters according to the level of the crisis to deal with 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 tabletop exercise to verify their effectiveness. As part of tabletop exercise, 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)



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 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.

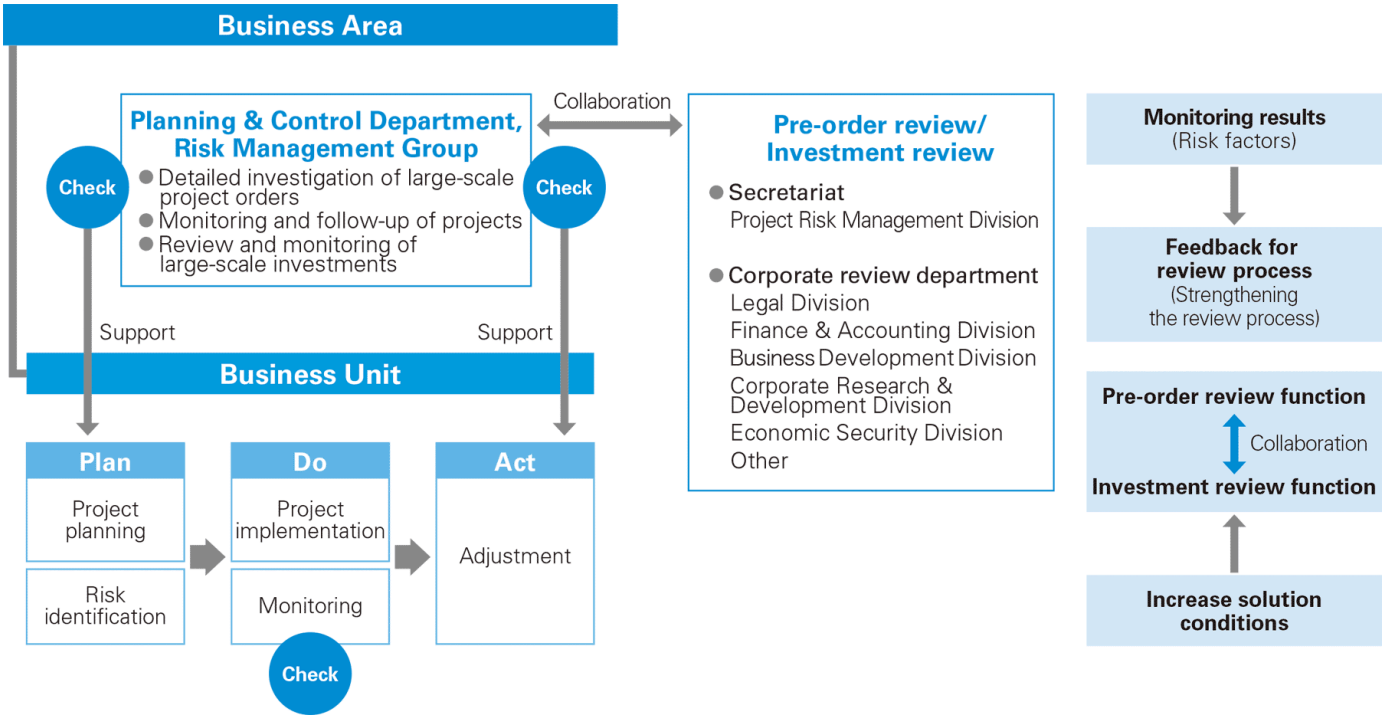
Basic Rules for Investment Review

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 2024, during fiscal 2025 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

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Participants (total)	IHI and affiliated companies in Japan	People	108	76	36	57

Technology Development

Approach Strategy Research and Development Expenses

Approach

Technology Development >

Strategy

Investor Day Materials (June 2, 2026) (14.0MB) PDF

IHI Integrated Report >

Research and Development Expenses

(Unit: Billions of yen, Scope: IHI Group)

Item		FY2022	FY2023	FY2024*2	FY2025
Research and Development Expenses*1		34.0	39.3	34.0	39.6
Breakdown by Business Area	Resources, Energy & Environment	4.8	6.0	2.1	3.4
	Social Infrastructure	1.1	1.1	0.9	0.7
	Industrial Systems & General-Purpose Machinery	8.1	9.4	6.9	5.2
	Aero Engine, Space & Defense	7.3	8.7	10.1	15.4
	Others	12.6	14.0	13.8	14.6

*1 Each item of research and development expenses has been revised to be shown as rounded-down figures; totals may not match the breakdown.

*2 FY2024 research and development expenses have been corrected.

Intellectual Property

Approach Policy Governance Strategy Risk Management Initiatives

Approach

The IHI Group recognizes that the effective utilization of intangible management resources in executing its management policies, business strategies, and technology strategies is essential to establishing sustainable competitive advantage. Intellectual property is also an important intangible management resource. Accordingly, the IHI Group considers it important to promote initiatives that, from an intellectual property perspective, focus on Assessment, Accumulation and Protection, and Utilization of intangible management resources, in close alignment with its management policies, business strategies, and technology strategies. Based on this fundamental approach, the IHI Group promotes intellectual property activities that are fully integrated with its management policies, business strategies, and technology strategies, under its Basic Policy on Intellectual Property and related governance structure.

Policy

IHI Group Basic Policy on Intellectual Property

Based on the following basic principles, the IHI Group conducts intellectual property activities in alignment with its management policies, business strategies, and technology strategies:

- Actively utilize information related to intellectual property to support the formulation of various strategies and facilitate decision-making.
- Utilize intellectual property as one of the important intangible management resources in business activities.
- Respect other companies' intellectual property rights and strive to ensure compliance.

Governance

The IHI Group appoints personnel responsible for the overall management of intellectual property and formulates intellectual property policies in each division and each Group company. In addition, through the Group IP Liaison Meeting, chaired by the Intellectual Property Department, IP managers and practitioners from each division and each Group company gather to share information and hold discussions. Through these meetings, the Group strengthens the linkage between IP activities and its business and technology strategies.

Strategy

Assessment of Intangible Management Resources

Assessing the Current State of the Patent Portfolio

Technology is one of the IHI Group's important intangible management resources. The IHI Group visualizes the technologies it possesses in each field by analyzing its patent holdings, which are one form of intellectual property, and uses this as a basis for assessment. The outcomes of these visualization-based assessments are used in various ways, including identifying the Group's technological strengths and examining the direction of future R&D. For example, the Group has identified material technologies in the aerospace field and combustion technologies in the ammonia field as areas attracting strong external interest. Among these, the Group's ammonia combustion technologies have received high external recognition, including the Invention Prize at the FY2025 National Commendation for Invention organized by the Japan Institute of Invention and Innovation. By identifying the current state of its patent portfolio in this way, the IHI Group accurately grasps its technological strengths and uses this understanding in formulating its business and technology strategies. The Group will continue to monitor the state of its patent portfolio and further reinforce its contribution, through intellectual property, to management, business, and technology strategies, with the aim of maintaining and strengthening its sustainable competitive edge.

IP Landscape* Initiatives

The IHI Group uses IP landscape analysis to assess technology trends and the activities of competitors, thereby supporting the formulation of its business strategies and technology development policies. For example, in the development of next-generation ammonia synthesis technologies, the Group has identified the latest technology trends and the activities of promising players, and evaluated the growth potential and business risks to determine technology domains where it can build advantageous positions. The Group also actively explores opportunities to collaborate with external organizations such as universities and startups, in order to accelerate technology acquisition and business development through open innovation. Through these initiatives, the IHI Group seeks to optimize R&D investment, achieve sustainable business growth, and ultimately enhance its long-term corporate value.

* 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.

Accumulation and Protection of Intangible Management Resources

The IHI Group secures inventions and other outcomes of its technology development—which serve as sources of competitive strength—by obtaining patent rights and maintaining its know-how as confidential information. The Group files patent applications both in Japan and overseas, selecting jurisdictions primarily based on its global business development and technology development roadmaps.
The Group decides whether to maintain rights already obtained based on the future competitive environment and cost-effectiveness, while managing know-how under strict confidentiality in accordance with internal rules and contractual obligations. For details of the annual number of patents granted and the total number of patents currently held, please refer to "Protection of Intellectual Property Rights" in the "Initiatives" section below.

Utilization of Intangible Management Resources

The IHI Group operates its business on a global basis, and appropriately protecting, managing, and utilizing its intellectual property is essential for the sustainable enhancement of corporate value. In particular, in order to create and expand markets, it is necessary to establish an environment in which high-quality technologies that deliver value to customers are properly evaluated. The Group protects its accumulated core technologies as intellectual property and retains them within the organization, while at the same time actively engaging in international standardization activities to promote the formation and expansion of markets. Specifically, the Group is promoting the formulation and application of strategies that integrate standardization and utilization of intellectual property—an open and closed strategy—in joint research and development projects conducted with companies, universities, and other institutions. For example, the Group has utilized the certification system for plans promoting open and closed strategies (Open & Close strategy with Exploiting Academic kNowledge (OCEAN) Project) to conduct studies on standards for green ammonia production as well as interviews with standardization committees and startup companies in Europe and the United States. This initiative contributes to optimizing the direction of research and development and strengthening the Group's competitive advantage. Furthermore, it helps establish a leading position in the development of international standards, certification frameworks, and supply chains for green ammonia, while also providing a foundation for facilitating collaboration with domestic and international partners.

Open & Close strategy with Exploiting Academic kNowledge (OCEAN) Project >

Risk Management

Infringing the intellectual property rights of third parties constitutes a significant management risk, as it can result in suspension of business activities, substantial costs, loss of competitive advantage, loss of co-creation opportunities, and damage to corporate value and reputation. To address these risks, the IHI Group continuously conducts investigations and monitoring of third-party intellectual property rights in alignment with its management policies, business strategies, and technology strategies, to ensure that its technology development and business activities do not infringe such rights. In particular, for ammonia-related technologies in its fuel ammonia value chain business, which is one of its medium- to long-term strategic growth businesses, the Group places special emphasis on monitoring third-party patents to identify and avoid risks at an early stage. Specifically, the Group assigns responsible departments for each technological area related to ammonia. Whenever relevant patents are published, these departments review the content and scope of the rights and assess their relationship with the Group's own technologies, thereby striving to identify and avoid infringement risks at an early stage. In addition, 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 measures against counterfeit products.

Initiatives

Protection of Intellectual Property Rights

The IHI Group's annual patent grants and total patents held are as follows.

Annual Patent Grants

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Number of patents granted	IHI and affiliated companies in Japan and overseas	Patents	811	718	627	505

Total Patents Held*

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Domestic patents	IHI	Patents	4,153	4,170	4,049	4,097
Foreign patents	IHI	Patents	4,260	4,105	4,006	4,057

* For both domestic and foreign patents, the counting method has been revised to be based on the number of inventions (i.e., the cumulative number of patent applications).

Education / Awareness Building

The IHI Group does not regard intellectual property as a domain reserved only for engineers. Instead, the Group places great importance on ensuring that all employees understand intellectual property as an intangible management resource, and on accumulating, protecting, and utilizing it in alignment with its management policies and its business and technology strategies. To this end, in addition to providing basic IP education to all employees, the Group offers tailored training programs addressing the specific issues associated with each role, thereby enhancing IP literacy across the Group. For young leaders, the Group provides training on formulating business strategies that integrate technology and IP strategies, enabling future management talent to develop the capability to manage business, technology, and IP in an integrated manner. The Group also provides basic training via e-learning on topics such as invention disclosures, patent searches, and the fundamentals of copyright and trademarks, thereby improving convenience for participants. In addition, through regular information sharing, including IP-related subjects in promotion examinations and so on, the Group uses a variety of approaches to foster a broad-based understanding of intellectual property among all employees.

Intellectual Property Course Participants (Total)

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Intellectual property (overview and basics)	IHI and affiliated companies in Japan	People	156	407	429	894
Basics of manufacturing companies (intellectual property topics)	IHI and affiliated companies in Japan	People	450	260	286	272
Patent search (basic)	IHI and affiliated companies in Japan	People	7	36	41	38
How to prepare invention disclosure forms and read patent publications	IHI and affiliated companies in Japan	People	18	67	34	47
Copyright	IHI and affiliated companies in Japan	People	10	141	36	848

Information Security

Approach Policy Governance Risk Management Metrics and Targets

Approach

The IHI Group has established the IHI Group Information Security Policy to protect important information assets, including corporate management and technical information, as well as the confidential information of customers and business partners. The policy also aims to ensure that, even in the event of an information security incident, the Group can respond promptly and appropriately to minimize damage.
Under this policy, the Group has established measures and frameworks to maintain and improve 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.

(Education)

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

(Management of Information Security)

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

(Responsibilities of Senior Management)

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

(Punishment)

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

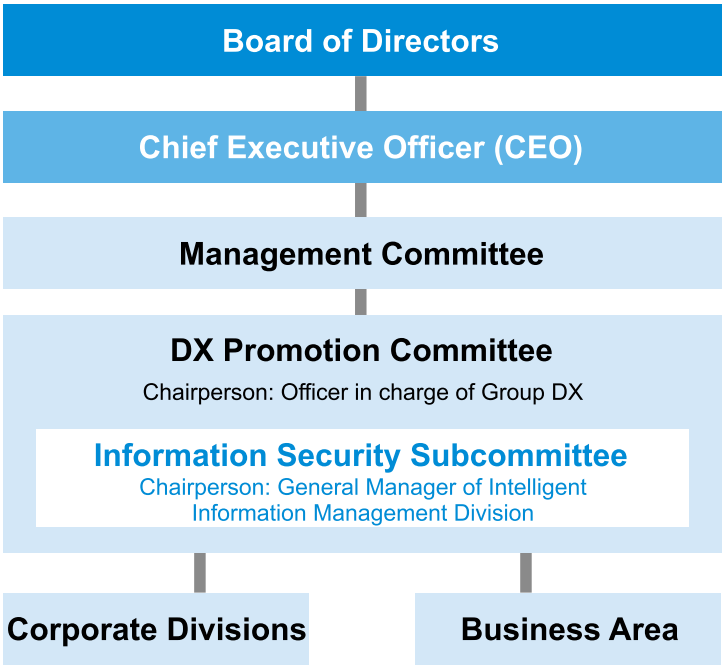
(Announcement)

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

Governance

The IHI Group has established an Information Security Promotion Framework, chaired by the Officer in charge of Group DX 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 Promotion Framework



Information Security Subcommittee

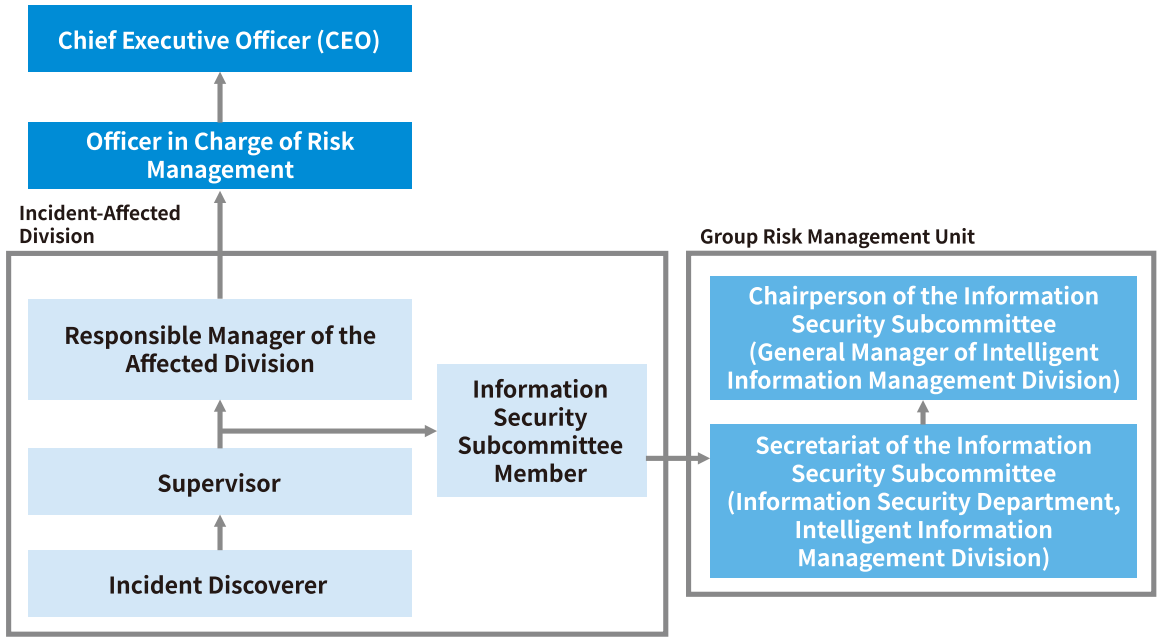
Chairperson	General Manager of Intelligent Information Management Division
Subcommittee members	Business areas, Business Units, and corporate divisions
Secretariat	Information Security Department
Number of meetings convened in FY2025	3

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. If employees identify an actual or potential information security incident or accident, they escalate the matter to the information security personnel at both the divisional and corporate levels in accordance with the escalation route for incident report established by each division, enabling an organization-wide response.
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.
Since 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.

Escalation Route for Incident Report



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, introduced as a measure to prevent the spread of the COVID-19 throughout the IHI Group, 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 Innovation Platform Agency, Japan (IPA).
The target score for information security measures is 4 out of 5, and the Group achieved a score of 4.0 in fiscal 2025. In fiscal 2026, the IHI Group will continue its efforts to enhance its overall level of information security.

Employee Education

E-learning Related to Information Security

The IHI Group provides e-learning related to information security on a yearly basis, targeting all employees. By deepening their understanding of information security rules and tools, the Group aims to maintain and raise employee information security awareness across the IHI Group. The training content is continuously reviewed in light of internal and external trends to ensure that employees can appropriately respond to the latest threats.

E-learning Related to Generative AI

In response to the rapid advancement of generative AI in recent years, the IHI Group has implemented e-learning related to generative AI to all employees beginning in fiscal 2025. This initiative is designed to strengthen employees' understanding of core principles, promote responsible and effective use, and highlight practical applications across the business. The program also addressed threats specific to generative AI, with the objective of ensuring that employees are equipped with the knowledge and awareness necessary to leverage these technologies safely and appropriately.

Metrics and Targets

Evaluation of Information Security Measures

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Evaluation (out of 5)	IHI and consolidated subsidiaries	Score	3.7	3.8	3.8	4.0

Rate of Participation in e-Learning Related to Information Security

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Participation rate	IHI	%	96.9	98.9	99.1	99.2

Rate of Participation in e-Learning Related to Generative AI

Item	Scope	Unit	FY2022	FY2023	FY2024	FY2025
Participation rate	IHI	%	—	—	—	81.6

Related Information

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External Evaluations and Initiatives

External Evaluations | 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 JPX Blossom Japan Index

IHI has been selected as a constituent brand of the FTSE JPX Blossom Japan Index, which is made up of Japanese companies that demonstrate strong ESG practices. (As of June 2026)

https://www.lseg.com/en/ftse-russell/indices/blossom-japan

FTSE JPX Blossom Japan Index

FTSE JPX Blossom Japan Sector Relative Index

IHI has been selected for the FTSE JPX Blossom Japan Sector Relative Index, which is made up of Japanese companies that demonstrate strong ESG practices relatively in each sector. (As of June 2026)

https://www.lseg.com/en/ftse-russell/indices/blossom-japan

FTSE JPX 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 2026)

2026 CONSTITUENT MSCI NIHONKABU ESG SELECT LEADERS INDEX

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.

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 2026)

2026 CONSTITUENT MSCI JAPAN EMPOWERING WOMEN INDEX (WIN)

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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 March 2026)

S&P/JPX Carbon Efficient Index

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 June 2026)

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.

MSCI ESG RATINGS A

CCC | B | BB | BBB | A | AA | AAA

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CDP

IHI Group's CDP2025 evaluation was B (Management Level) for "Climate Change" and C (Awareness Level) for "Water Security."

CDP Discloser 2025

EcoVadis

The IHI Group received the Bronze Medal in EcoVadis' comprehensive sustainability assessment in four areas: environment, labor and human rights, ethics, and sustainable procurement.

https://recognition.ecovadis.com/fZwR38ERFUu79clbiUoc_Q >

Noteworthy DX Companies 2026

IHI has been selected as a "Noteworthy DX Companies 2026" under the Digital Transformation Stocks (DX Stocks) program jointly sponsored by the Ministry of Economy, Trade and Industry (METI), the Tokyo Stock Exchange, Inc., and the Innovation Platform Agency, Japan (IPA).

Health & Productivity Companies 2026

The IHI Group's 24 companies* have been selected as Health & Productivity Companies 2026, 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 Power Systems Co., Ltd., IHI Jet Service Co., Ltd., NICO Precision Co., Inc., IHI Infrastructure Systems Co., Ltd. (now IHI Infra-square 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., Japan Marine United Corporation, IHI Business Support 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.

D&I AWARD 2025

IHI has been certified as a "Best Workplace," the highest rating in the "D&I AWARD 2025," one of Japan's largest awards recognizing companies that promote diversity and inclusion, organized by JobRainbow Inc.

PRIDE Index 2025

IHI received the highest rating of Gold for the eighth consecutive year in the PRIDE Index 2025 developed by work with Pride, an association that aims to create a workplace that is friendly to LGBTQ+ people.

Kurumin Certification

IHI received the Kurumin certification from the Minister of Health, Labour and Welfare in 2007, 2011 and 2015 in recognition of its efforts to support child-raising.

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 3.5 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 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

External Evaluations | 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.

GX Future Consortium

The IHI Group endorsed the GX League Basic Concept announced by Japan's Ministry of Economy, Trade and Industry in February 2022 and joined the GX League in April 2023. In April 2026, the GX Future Consortium was established to take over the functions of the GX League and the TCFD Consortium, and the IHI Group transitioned to membership in the new consortium.

GX Future Consortium Official Website

Performance Data

Environment

Environmental management

Compliance with environmental laws and regulations

Index		Scope of Data	Results			
			FY2022	FY2023	FY2024	FY2025
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

Costs to reduce the environmental impact

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Investments (millions of yen)	IHI plants and offices	563	1,048	1,377	2,179
Expenditures (millions of yen)	IHI plants and offices	151	365	778	591

Environment-related capital investments

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Energy-saving/climate change measures (millions of yen)	IHI plants and offices	127	517	872	1,543
Environmental risk measures (millions of yen)	IHI plants and offices	432	532	505	636

External evaluation

Index		Scope of Data	Results			
			FY2022	FY2023	FY2024	FY2025
CDP	Climate change	IHI and consolidated subsidiaries	B (Management)	B (Management)	B (Management)	B (Management)
	Water security	IHI and consolidated subsidiaries	—	—	C (Awareness)	C (Awareness)

Climate change

GHG

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
GHG emissions (Scope 1 + Scope 2) (t-CO_2e)[*1]	IHI and consolidated subsidiaries	215,753	211,970	197,274	158,073
Scope1 (t-CO_2e)	IHI and consolidated subsidiaries	61,469	65,033	57,951	53,942
Scope 2 (market-based) (t-CO_2)	IHI and consolidated subsidiaries	154,284	146,937	139,322	104,130
GHG emissions intensity (t-CO_2e/100 million yen)[*2]	IHI and consolidated subsidiaries	15.9	16.0	12.1	9.6
GHG Emissions (Scope 3) (t-CO_2e)		184,475,000	403,575,000	357,089,456	341,256,290
Category 1 Purchased goods and services	IHI and consolidated subsidiaries	4,665,000	5,130,000	5,455,000	2,904,352
Category 2 Capital goods	IHI and consolidated subsidiaries	205,000	239,000	326,000	327,000
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	10,000
Category 4 Upstream transportation and delivery	IHI and some domestic consolidated subsidiaries[*3]	1,000	1,000	5,000	27,000
Category 5 Waste generated in operations	IHI and consolidated subsidiaries	8,000	9,000	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	179,565,000	398,165,000	351,263,456	337,960,938
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			
			FY2022	FY2023	FY2024	FY2025
Energy consumption (TJ)*1		IHI and consolidated subsidiaries	2,294	2,322	2,218	2,187
	Fuel consumption (TJ)	IHI and consolidated subsidiaries	1,019	1,070	993	977
	Electricity consumption (TJ)	IHI and consolidated subsidiaries	1,230	1,184	1,146	837
	Heat consumption (TJ)	IHI and consolidated subsidiaries	0	0	0	0
	Renewable energy used (TJ)	IHI and consolidated subsidiaries	45	69	79	374
Energy consumption intensity (TJ/10 billion yen)*2		IHI and consolidated subsidiaries	17.0	17.6	13.6	13.3

Circular economy and pollution prevention

Environmental impact

Index		Scope of Data	Results			
			FY2022	FY2023	FY2024	FY2025
Estimated Leakage Volume of Ozone-Depleting Substances (ODS) (t-CO_2e)	HCFC	IHI and affiliated companies in Japan	45.4	112.2	8.8	29.6
Volatile organic compounds (VOC) emissions (tons)	Toluene	IHI and affiliated companies in Japan	48	48	52	38
	Xylene	IHI and affiliated companies in Japan	59	50	49	75
	Ethylbenzene	IHI and affiliated companies in Japan	37	39	40	40
	Methyl isobutyl ketone	IHI and affiliated companies in Japan	0	4	6	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	172
	Transferred amount (sewage/waste)	IHI and affiliated companies in Japan	85	93	63	56
Ratio of treated toxic waste (waste containing PCBs) (%)	Electrical equipment containing high-concentration PCBs	IHI and affiliated companies in Japan	100	100	100	100
	Electrical equipment containing low-concentration PCBs	IHI and affiliated companies in Japan	97.5	94.9	91.3	99.9
	Electrical ballasts	IHI and affiliated companies in Japan	69.5	83.7	99.7	100

Waste

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Waste emissions (tons)	IHI and consolidated subsidiaries	23,044	25,410	21,942	20,254
Of which, toxic waste emissions (tons)	IHI and consolidated subsidiaries	156	128	150	232
Amount of valuable materials (recycled) (tons)	IHI and consolidated subsidiaries	17,869	15,219	16,310	14,530

Water

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Water withdrawal (1,000 ㎥)*1	IHI and consolidated subsidiaries	4,037	5,844	4,662	4,289
Public water (1,000 ㎥)	IHI and consolidated subsidiaries	670	2,326	728	753
Industrial water (1,000 ㎥)	IHI and consolidated subsidiaries	737	738	704	735
Groundwater (1,000 ㎥)	IHI and consolidated subsidiaries	1,451	1,506	1,472	1,203
Rainwater, rivers, lakes, etc. (1,000 ㎥)	IHI and consolidated subsidiaries	1,180	1,274	1,758	1,598
Waste water (1,000 ㎥)	IHI and consolidated subsidiaries	3,181	4,856	3,746	3,353

*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

Human resource management/human resource development

Number of employees

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Consolidated number of employees	IHI and consolidated subsidiaries	28,486	28,237	27,990	26,224
Number of employees (IHI)	IHI	7,768	7,840	7,911	8,199
Male*	IHI	6,695	6,753	6,773	7,026
Female*	IHI	1,073	1,087	1,138	1,166
Ratio of female employees (%)	IHI	13.8	13.9	14.4	14.2

* The scope of the analysis is limited to employees whose gender information could be confirmed.

Average years of service

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
All employees	IHI	16.5	16.6	16.1	15.6
Male	IHI	16.6	16.7	16.2	15.7
Female	IHI	15.8	16.0	15.4	15.0

Turnover rate

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Total turnover rate (%)	IHI	2.7	2.8	2.7	2.9
Rate of retirement due to personal reasons (%)	IHI	1.5	1.5	1.5	1.4
Turnover rate within 3 years of joining the company (%)	IHI	5.5	5.3	4.6	3.3

Recruitement Results*

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Number of new graduate recruitments	IHI and affiliated companies in Japan	—	358	384	362
Male	IHI and affiliated companies in Japan	—	302	320	304
Female	IHI and affiliated companies in Japan	—	56	64	58
Ratio of female hires (%)	IHI and affiliated companies in Japan	—	16	17	16
Number of mid-career hires	IHI and affiliated companies in Japan	—	327	468	598

Engagement

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Employee engagement index (out of 100)	IHI and affiliated companies	53	54	55	59
Ratio of answered employee-awareness surveys (%)	IHI and affiliated companies	84	83	85	86
Employee union membership rate (%)	IHI and affiliated companies in Japan	60	62	63	68
Number of labor complaints received	IHI	0	0	0	0

Human resources development

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Number of employees undergoing regular career development reviews	IHI and affiliated companies in Japan	15,327	14,939	14,455	12,500
Male	IHI and affiliated companies in Japan	13,024	12,605	12,191	10,438
Female	IHI and affiliated companies in Japan	2,303	2,334	2,264	2,062
Average annual training hours per employee	IHI and affiliated companies in Japan	14.3	34.9	23.4	24.2
Training expense per employee (yen)	IHI and affiliated companies in Japan	23,512	40,380	40,432	47,351

Diversity, Equity, and Inclusion (DE&I)

Employee diversity

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Number of officers[*1]	IHI	17	17	17	17
Number of male officers	IHI	14	14	12	12
Number of female officers	IHI	3	3	5	5
Ratio of female officers (%)	IHI	17.6	17.6	29.4	29.0
Number of managers[*2]	IHI	2,643	2,707	2,622	2,792
Number of male managers	IHI	2,519	2,563	2,469	2,621
Number of female managers	IHI	124	144	153	171
Number of female general managers	IHI	38	39	42	43
Number of female section managers	IHI	86	105	111	128
Ratio of female managers (%)[*2]	IHI	4.7	5.3	5.8	6.1
Ratio of female general managers (%)	IHI	3.6	3.7	4.1	3.9
Ratio of female section managers (%)	IHI	5.4	6.4	6.9	7.6
Number of employees from abroad[*2]	IHI	66	59	36	60
Recruitment ratio of people with disabilities (%)[*3]	IHI	2.55	2.62	2.58	2.64
Re-employment rate of employees at retirement age (%)	IHI	100	81	78	85

*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			
		FY2022	FY2023	FY2024	FY2025
Employees with reduced work hours	IHI	140	141	167	125
Employees who have taken childcare leave	IHI	1,010	995	1,212	1,265
Employees who have taken parental leave	IHI	198	185	233	262
Male	IHI	78	89	142	185
Female	IHI	120	96	91	77
Percentage of employees who return to work after parental leave (%)	IHI	99.6	98.3	100	100
Employees who have taken nursing care leave	IHI	3	10	13	2
Average annual paid vacation days taken	IHI	18.7	19.8	19.6	19.5
Monthly average overtime (hours)	IHI	21.6	21.9	21.3	22.1
Annual work hours	IHI	1,984.5	1,972.7	1,966.5	1,976.3

Occupational health and safety/well-being

Occupational health and safety

Index		Scope of Data	Results			
			FY2022	FY2023	FY2024	FY2025
Participation rate of medical check-ups (%)		IHI and consolidated subsidiaries in Japan	96	98	98	100
Rate of diagnoses made as a result of medical checkups (%)		IHI and consolidated subsidiaries in Japan	72	72	73	73
Participation rate of stress checks (%)		IHI and consolidated subsidiaries in Japan	97	96	97	96
High stress rate (%)		IHI and consolidated subsidiaries in Japan	9	10	7	9
Absenteeism (Ratio of employees who take three or more months of leave) (%)		IHI and consolidated subsidiaries in Japan	1.3	1.4	1.4	1.9
Presenteeism (Ratio of employees with restricted hours) (%)		IHI and consolidated subsidiaries in Japan	1.7	2.3	1.9	2.2
Smoking rate (%)		IHI and consolidated subsidiaries in Japan	25	25	25	25
Rate of occupational diseases*1		IHI and consolidated subsidiaries in Japan	0.098	0.098	0.098	0.104
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	1.37	1.33	1.50	1.19
Lost time injuries frequency rate*3		IHI and consolidated subsidiaries in Japan	0.39	0.34	0.42	0.29
Occupational health and safety rate	Works Divisions	IHI and consolidated subsidiaries in Japan	0.89	0.95	1.21	0.55
	Construction Divisions	IHI and consolidated subsidiaries in Japan	2.30	2.10	2.13	2.80
Occupational accidents*4		IHI and consolidated subsidiaries in Japan	56 (0)	54 (0)	66 (1)	50 (0)
Employees		IHI and consolidated subsidiaries in Japan	25 (0)	26 (0)	39 (1)	19 (0)
Temporary employees		IHI and consolidated subsidiaries in Japan	4 (0)	2 (0)	8 (0)	4 (0)
Partners		IHI and consolidated subsidiaries in Japan	27 (0)	26 (0)	19 (0)	27 (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 or injuries caused by occupational accidents. Figure inside parentheses indicates fatal incidents.

Corporate citizenship

Social contribution activities

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Social contribution expenses (millions of yen)	IHI and consolidated subsidiaries	489	532	483	547

Performance Data

Governance

Corporate governance

Corporate governance

Index		Scope of Data	Results			
			FY2022	FY2023	FY2024	FY2025
Average attendance of Independent Directors	Board of Directors meetings (%)	IHI	99	97	100	100
Average attendance of Independent Audit & Supervisory Board Members	Board of Directors meetings (%)	IHI	98	100	94	98
	Audit & Supervisory Board meetings (%)	IHI	100	100	100	100

Compliance

Legal compliance

Index		Scope of Data	Results			
			FY2022	FY2023	FY2024	FY2025
Number of law violations	Competition law	IHI and consolidated subsidiaries	0	0	1	0
	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	177	178	208	241
	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	286	314	246	242
Of which, the number of compliance violations recognized		IHI and affiliated companies	—	—	9	6
Number of compliance training participants*3	Quality & Compliance Training (Japan)	IHI and affiliated companies in Japan*4	25,870	25,379	26,566	26,597
	Quality & Compliance Training (overseas)	Affiliated companies overseas*4	5,334	5,072	5,923	5,204
Number of competition law/anti-corruption law training participants (Total)		IHI and consolidated subsidiaries	2,007	51,222	47,246	50,352
Competition law (Total)		IHI and consolidated subsidiaries	622	26,148	24,016	23,371
Anti-corruption law (Total)		IHI and consolidated subsidiaries	1,385	25,074	23,230	26,981

*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.

*4 The scope has been revised.

Innovation management

Technology development

Index	Scope of Data	Results			
		FY2022	FY2023	FY2024	FY2025
Research and development expenses (billions of yen)	IHI Group	34.0	39.3	34.0*	39.6

* Research and development expenses for FY2024 have been revised.

Intellectual property protection

Index		Scope of Data	Results			
			FY2022	FY2023	FY2024	FY2025
Number of Patents Granted	Domestic patents	IHI	4,153	4,170	4,049	4,097
	Foreign patents	IHI	4,260	4,105	4,006	4,057

* For both domestic and foreign patents, the counting method has been revised to be based on the number of inventions (i.e., the cumulative number of patent applications).

Information security

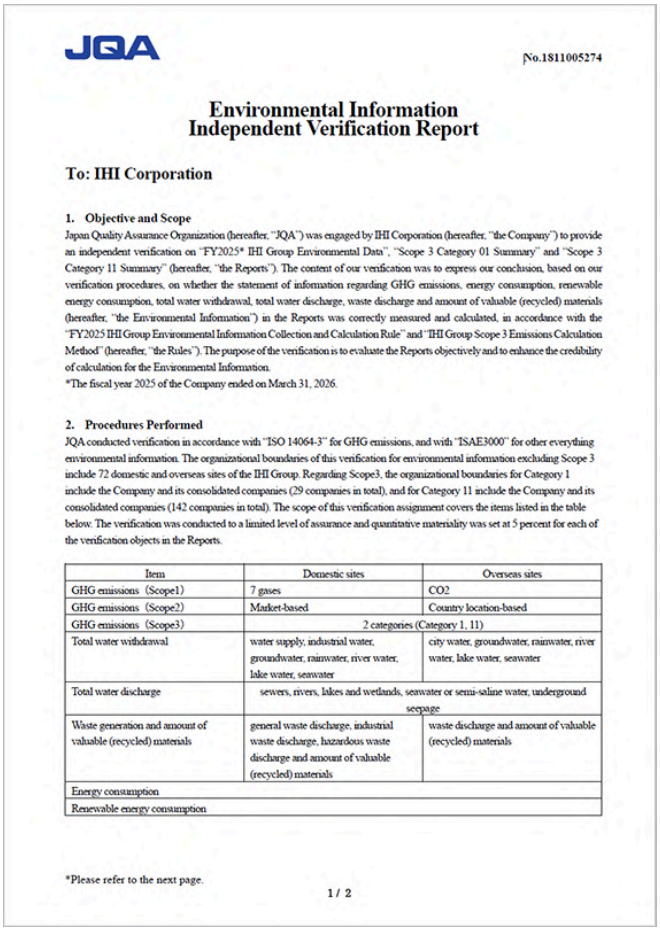
Information security measures

Index	Scope of Data	Unit	Results			
			FY2022	FY2023	FY2024	FY2025
Evaluation of information security measures (out of 5)	IHI and consolidated subsidiaries	score	3.7	3.8	3.8	4.0
E-learning participation rate for information security	IHI	%	96.9	98.9	99.1	99.2
E-learning participation rate for generative AI	IHI	%	—	—	—	81.6

Third-party Verification

Environment

The IHI Group receives verification from the Japan Quality Assurance Organization (JQA) for certain environmental data.



JQA

No.1811005274

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 "FY2025* IHI Group Environmental Data", "Scope 3 Category 01 Summary" 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 "FY2025 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 calculation for the Environmental Information.

*The fiscal year 2025 of the Company ended on March 31, 2026.

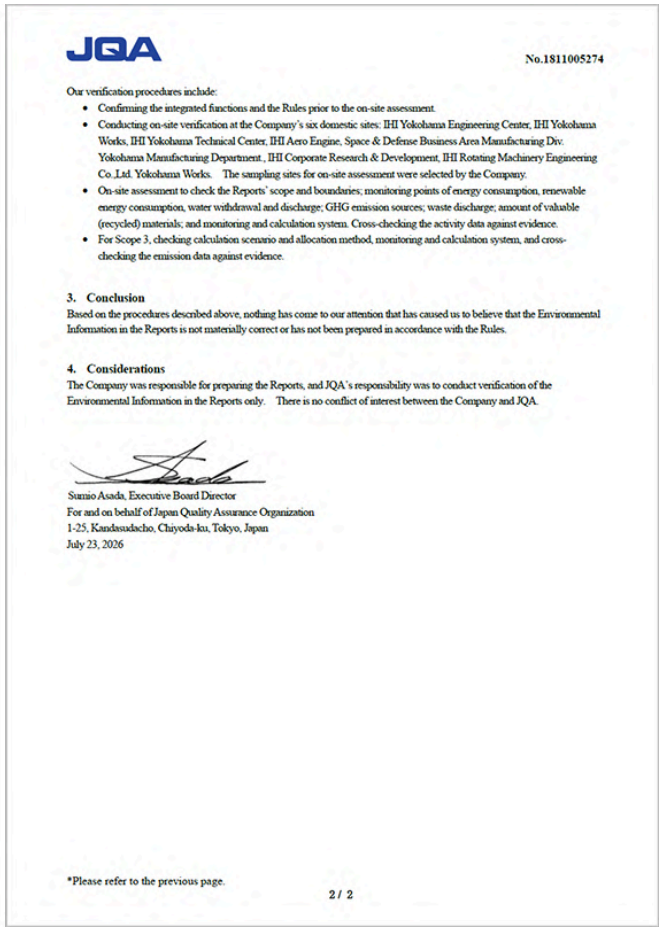
2. Procedures Performed

JQA conducted verification in accordance with "ISO 14064-3" for GHG emissions, and with "ISAE3000" for other everything environmental information. The organizational boundaries of this verification for environmental information excluding Scope 3 include 72 domestic and overseas sites of the IHI Group. Regarding Scope3, the organizational boundaries for Category 1 include the Company and its consolidated companies (29 companies in total), and for Category 11 include the Company and its consolidated companies (142 companies in total). The scope of this verification assignment covers the items listed in the table below. 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.

Item	Domestic sites	Overseas sites
GHG emissions (Scope1)	7 gases	CO2
GHG emissions (Scope2)	Market-based	Country location-based
GHG emissions (Scope3)	2 categories (Category 1, 11)	
Total water withdrawal	water supply, industrial water, groundwater, rainwater, river water, lake water, seawater	city water, groundwater, rainwater, river water, lake water, seawater
Total water discharge	sewers, rivers, lakes and wetlands, seawater or semi-saline water, underground seepage	
Waste generation and amount of valuable (recycled) materials	general waste discharge, industrial waste discharge, hazardous waste discharge and amount of valuable (recycled) materials	waste discharge and amount of valuable (recycled) materials
Energy consumption		
Renewable energy consumption		

*Please refer to the next page.

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JQA

No.1811005274

Our verification procedures include:

- Confirming the integrated functions and the Rules prior to the on-site assessment.
- Conducting on-site verification at the Company's six domestic sites: IHI Yokohama Engineering Center, IHI Yokohama Works, IHI Yokohama Technical Center, IHI Aero Engine, Space & Defense Business Area Manufacturing Div. Yokohama Manufacturing Department , IHI Corporate Research & Development, IHI Rotating Machinery Engineering Co.,Ltd. Yokohama Works. The sampling sites for on-site assessment were selected by the Company.
- On-site assessment to check the Reports' scope and boundaries; monitoring points of energy consumption, 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 23, 2026

*Please refer to the previous page.

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