

Statement on Modern Slavery Act

Introduction

IHI Corporation ("IHI"), the reporting entity of this statement, and its affiliates (collectively, "IHI Group") disclose their efforts to prevent slave labour in IHI Group and its supply chain for the fiscal year 2024 (from April 1, 2024, to March 31, 2025) pursuant to the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018.

1. Organizational Structure, Business, and Supply Chain

(1) Corporate Structure and Business Overview

IHI was established in 1853 in Japan and is currently listed on the Tokyo Stock Exchange with its headquarters located in Koto-ku, Tokyo, Japan. IHI Group's overseas affiliates include 131 companies, of which 110 are subsidiaries. IHI Group has 20 business development hubs in Belgium, United Kingdom, Algeria, Italy, Turkey, United Arab Emirates, India, Thailand, Malaysia, Singapore, Vietnam, Indonesia, Hong Kong, Beijing, Shanghai, Taiwan, South Korea, Australia, United States, Brazil.

Pursuant to the latest financial report for the fiscal year 2024, IHI Group employs 27,990 people and has an annual revenue of approximately 1,626.8 billion yen. IHI Group offers products and services in the areas of Resources, Energy & Environment, Social Infrastructure, Industrial Systems & General-Purpose Machinery, and Aero Engine, Space & Defense.

(2) Supply Chain

IHI Group procures various materials and components from business partners around the world, which include steel and various metals, raw materials, electronic components, structural components, assembly parts and other items. These materials and components are purchased through a number of procurement bases of IHI Group located globally and the most suitable business partners will be chosen based on our business needs. Our supply chain consists of business partners which provide various products and services to support IHI Groups' business activities around the world. When we negotiate contractual terms with business partners, we try to ensure that the procurement prices and payment terms are fair, and the contracts are entered into on that basis.

In relation to our supply chain, we currently do not possess some of the information regarding the temporary or seasonal workers or temporary foreign workers hired by our primary suppliers as well as some information about our second-tier suppliers.

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Information about IHI on an individual basis:

Regional procurement ratio (value basis):

Japan 55%, Asia 0.4%, North America 39%, Europe 6%, Other 0.1%

Procurement ratio by business area:

Resources, Energy & Environment 8%,

Social Infrastructure 0.5%,

Industrial Systems & General-Purpose Machinery 0.9%,

Aero Engine, Space & Defense 83%, Other 8%

2. Policies on Modern Slavery

(1) IHI Group Basic Code of Conduct

Respect for human rights is stipulated in Article 2 of [Basic Code of Conduct for the IHI Group](#), which is our code of conduct that all directors, officers and employees of IHI Group must observe. [The explanatory booklet of this basic code of conduct](#) is written in 19 languages and distributed to all directors, officers and employees. The booklet explains the clauses of the code of conduct relating to the respect for human rights and states "IHI Group opposes child and forced labour and never tolerates the use of child labour or of people working under the threat of punishment."

(2) IHI Group Human Rights Policy

Based on [Basic Code of Conduct for the IHI Group](#), we established [IHI Group Human Rights Policy](#) in December 2020 (available in 20 languages). This policy takes into account of the opinions of external experts on human rights and was confirmed and approved by the Board of Directors of IHI.

IHI Group respects and abides by international human rights standards, including those set out in the International Bill of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the United Nations Guiding Principles on Business and Human Rights, and The Ten Principles of the United Nations Global Compact. IHI Group Human Rights Policy is applied to all directors, officers and employees of IHI Group (including fixed-term contract workers, contractors, part-time employees, and agency workers).

The policy is reviewed and revised from time to time to incorporate the outcome of our regular risk assessments and to address the issues related to modern slavery and human rights in line with the latest international norms and guidelines.

(3) IHI Group Procurement Policy

We are using our best efforts to clearly communicate our [IHI Group Procurement Policy](#) to all business partners, whose core principles are (i) fair and impartial procurement, (ii) mutually beneficial partnership with our business partners, and (iii) approaches to compliance and social responsibility. Furthermore, we distribute to all of our business partners IHI Group Code of Conduct for Business Partners, which summarizes specific practices related to approaches to compliance and social responsibility in IHI Group Procurement Policy, including the prohibition of the use of forced labour and child labour (which is available in Japanese, English and Chinese languages).

(4) Internal Policies on Human Rights Risks, Including Modern Slavery Risks

In relation to the human rights risks such as modern slavery risks related to recruitment and the treatment of employees, we address these risks through internal policies, manuals, and guidelines such as the rules of employment, labour agreements, [IHI Group Health and Safety Policy](#), [Safety 5 Principles](#), a collection of "question not to ask" concerning recruitment, and the health check implementation standards. We continuously review and update these internal policies.

3. Human Rights Due Diligence Process

(1) Promotion System

IHI Group, through IHI Group Human Rights Committee, regularly deliberates and decides what measures we should take in relation to human rights risks such as modern slavery risks. The Committee meetings were held three times in the fiscal year 2024. The Committee deliberates on human rights issues, formulates policies to address the issues and promotes activities based on the policies. Important activities are discussed in detail at ESG Management Promotion Committee and reported to the Board of Directors of IHI as necessary. Human Rights Task Team has been established under IHI Group Human Rights Committee to promote initiatives to respect human rights in cooperation with related divisions and human rights managers of IHI Group companies.

(2) Human Rights Risk Assessment and Control Processes Including Modern Slavery Risks

IHI Group conducts human rights risk assessments to identify potential and actual human rights risks through the following steps.

Step 1:

Identify potential and actual risks to human rights caused by the business activities of IHI Group for each type of business and for each country where the business is being conducted. We identify a wide range of risks based on data provided by external experts such as social, occupational, health and safety and environment risks.

Step 2:

Conduct interviews with relevant divisions (each business area, Procurement Strategy Planning Division, Human Resources Division, Corporate Communications Division, and Project Risk Management Division) to understand how they are managing the identified risks and to evaluate the actual situations and risks related to their business activities, employment conditions, supply chain, etc.

Step 3:

Based on the findings of Steps 1 and 2, with the cooperation from human rights experts, we identify human rights issues that IHI Group should prioritise in preventing and responding.

As a result of the previous risk assessment, IHI Group has identified (i) the prohibition of forced labour, (ii) the prohibition of child labour, (iii) the guarantee of equal opportunities, (iv) the prohibition of discrimination and harassment, (v) the guarantee of safe workplaces ensuring workers' health, and (vi) the respect for the fundamental rights of workers, as the material human rights issues to be addressed as our top priority. We are promoting human rights due diligence initiatives.

4. Risks of Modern Slavery

With the cooperation of external experts, we had examined modern slavery risks in the regions and industries which have been deemed high risk regions/industries by an external organisation. We also examine such risks in relation to foreign workers. The following potential human rights risks were identified:

- Child labour risks in Myanmar
- Forced labour and human trafficking risks in India, Thailand and Turkey.
- Foreign workers working in manufacturing sites operated by some suppliers who are sometimes in a vulnerable position, posing serious risks which need to be addressed.

Based on the result of the human rights risk assessment, we conducted more detailed human rights impact assessment over the three-year period from the fiscal years 2022 to 2024. The impact assessment analysed and evaluated the actual situations at many different sites focusing on human rights issues identified through the human rights risk assessment. We developed self-evaluation sheets for 59 sites in fiscal year 2022, for 37 sites in fiscal year 2023, and for 47 sites in fiscal year 2024. These sheets were collected and used to conduct risk analysis. For more details of the result of the risk analysis, please refer to "6. Results of Human Rights Risk Assessment and Actions for Prevention, Mitigation, and Remediation" in this statement.

5. Assessment and Management of Human Rights Risk including Modern Slavery Risk in the Supply Chain

CSR promotion activities for our business partners are carried out under the responsibility of IHI Group's Procurement Officer, led by the Procurement Strategy Planning Division. These activities are periodically discussed and confirmed by IHI Group Human Rights Committee. Based on the deliberations and decisions by the Committee members, important activities are to be reported to the Board of Directors of IHI as necessary following discussions at the ESG Management Promotion Committee.

From September to November 2023, we chose 59 business partners of IHI Group, which were small and medium-sized enterprises in Japan that were considered to have high-risk for human rights violation. We interviewed relevant people at these companies based on their responses to the IHI Group Self-Check Sheet. During the interviews, we focused on (i) human rights and labour, (ii) fair trade and ethics, and (iii) information security, which are listed as key review points in the IHI Group Code of Conduct for Business Partners. We also asked them what challenges they are facing to further their efforts to promote human rights at their workplace. As a result, two points were highlighted: (i) the lack of awareness of human rights, and (ii) the inability to carry out internal training due to lack of resources. Accordingly, we provided human rights training programme sponsored by IHI Group to raise their awareness on human rights issues.

These interviews of our business partners are ongoing, and from December 2024 to February 2025 we interviewed 10 more business partners in Japan that are important to our business strategy. The main topics of the interviews are (i) human rights and labour, (ii) environment, and (iii) fair trade and ethics. The results of the interviews will be incorporated into our human rights education programme to be carried out in the fiscal year 2025.

Regarding the business partners located outside of Japan (particularly small and medium-sized enterprises), taking into consideration of local laws, business customs and political systems, we modified our original human rights education programme developed for Japanese audience and started providing modified programme locally (Implemented in Viet Nam on December 4, 2024, and Malaysia on February 19, 2025).

We will interview more business partners using IHI Group Self-Check Sheet. Meanwhile, in order to improve the validity, fairness, and transparency of assessments, we will review the evaluation methods on a regular basis and switch to evaluations by third-party organizations such as EcoVadis.

(1) Implementation of Environmental and Human Rights Evaluation in New Business Investments

When participating in a new business opportunity, we use ESG Checklist (environmental and human rights) to evaluate the potential risks of human rights violation arising out of such opportunity, including environmental and modern slavery risks. ESG Checklist was created with reference to the International Finance Corporation (IFC) Performance Standards, the Japan Bank for International Cooperation (JBIC) Guidelines for Confirmation of Environmental and Social Considerations, and other guidelines.

(2) Dialogue with Stakeholders

- Proactive dialogue with temporary foreign workers (including foreign technical intern trainees)

In the fiscal year 2024, continued from the previous year, with the cooperation of an external human rights NGO, we had active dialogues (via direct interviews) with foreign dispatched workers accepted by an IHI Group company and temporary foreign workers employed by four business partners which provide services to our factories. As a result, we received complaints from those workers employed by the contractors about their work environment. After repeated dialogues with the contractors, we have implemented measures to improve the worker's work environment and prevent the recurrence in a manner acceptable to the temporary foreign workers. We have confirmed that the complaints have been resolved. Lessons learned through these proactive dialogues are scheduled to be shared and implemented throughout the IHI Group in the fiscal year 2025.

- Labour-management Consultation

IHI Group recognizes the freedom of employees to unionize and work together as labour union members. Our Group will never treat anyone involved in union activities unfairly. In addition, as an engagement with employees, we conducted collective bargaining with unions in the fiscal year 2024. Furthermore, at the Central Health and Safety Committee which was

held in the fiscal year 2024, we agreed that ensuring the safety of unskilled workers is a problem for the entire IHI Group and discussed the appropriate safety measures aimed at achieving zero work-related accidents at workplace of all IHI Group companies. In Labour-management relations, we have signed the Labour Agreement and are trying to improve the workplace environment by providing information and exchanging opinions about the management conditions of the IHI Group.

6. Results of Human Rights Risk Assessment and Actions for Prevention, Mitigation, and Remediation

Based on the deliberations and decisions made by the IHI Group Human Rights Committee and after the discussions at ESG Management Promotion Committee, the details of the key activities are reported to the Board of Directors of IHI as necessary. We are reviewing modern slavery risks and necessary responses regularly.

(1) Human Rights Risk Assessment including Modern Slavery Risks at IHI Group Sites

In accordance with the survey conducted in 2024, some IHI Group companies lacked internal policies regarding the legal minimum working age and health and safety. Thus, we conducted additional survey for the companies that are lagging in governance for forced labour and child labour. Important (Red Flag) items relating to material human rights issues are being monitored to improve the number of companies in question.

In addition, to promote the understanding of the people in charge at IHI Group companies in Japan and overseas, in the fiscal year 2023, we prepared the IHI Group Human Rights Policy Implementation Guidelines (available in Japanese, English and Chinese languages), which are communicated to employees in charge of human rights at each company. The guidelines are also posted on IHI Group's intranet site so that all directors, officers and employees can refer to the guidelines easily and at any time.

(2) Results and Measures for Human Rights Risk Assessment including Modern Slavery Risks in the Supply Chain

In the interviews conducted with our business partners since 2023, we have not come across any actual incident relating to forced labour, child labour, discriminatory behaviour and inhumane treatment. However, we have been reminded that small and medium-sized enterprises in Japan and overseas have weak corporate governance mechanisms and it is difficult for them to develop their own educational programmes. IHI Group aims to effectively reduce potential human rights risks by providing educational opportunities to primary suppliers (for details, see "8. (2) CSR Procurement Monitoring Initiatives" in this statement).

7. Grievance (Remedy) Mechanism

(1) Internal Reporting System for Employees Working within IHI Group

IHI Group operates a Compliance Hotline (throughout Japan, the United Kingdom, and Australia) as an internal reporting system to prevent, detect at an early stage and take appropriate measures against any violations or potential violations of laws, internal rules, and internal and external standards by all directors, officers and employees. In the fiscal year 2024, we received multiple reports, including those related to labour issues and harassment. We formed investigation teams consisting of members from relevant divisions for each case, and immediately investigated the issues. When the results of the investigations confirmed that the reported content was true, we took corrective measures against those incidents as well as preventive measures against recurrence of the issues in the relevant business divisions.

(2) Reporting System for External Stakeholders

On April 1, 2024, IHI Group participated in "Dialogue and Remedy Platform" operated by Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) and established mechanisms for receiving and resolving complaints and reports from a wide range of stakeholders relating to business and human rights issues. In the fiscal year 2024, we received the total of eight reports and the relevant business divisions took appropriate

actions.

We will continue to use the platform to respond appropriately to complaints and reports from all stakeholders.

8. Evaluation of Efficacy

With the cooperation of external experts, we have set the following goals for our efforts to address human rights risks, including modern slavery risks. In the fiscal year 2024, IHI Group Human Rights Committee (May and October 2024, March 2025) planned and evaluated these activities.

(1) Efforts within IHI Group Sites

- The number of IHI Group sites for which risk assessments were conducted
Conducted at all 143 sites surveyed (59 in fiscal year 2022, 37 sites in fiscal year 2023, 47 in fiscal year 2024)
- The numbers of Red Flag instances at IHI Group sites, including the prohibition of forced labour, child labour and their improvements:

	FY2022	FY2023	FY2024
Numbers of Red Flag	39	15	25
Improvements Made	31	8	20

(2) CSR Procurement Monitoring Initiatives

- Number of proactive dialogues to reduce potential risks (direct interviews with temporary foreign workers working at IHI Group's domestic sites): Eight interviews were conducted at six business sites in the fiscal year 2024 and being continued as priority issues in the fiscal year 2025 onward.
- The number of business partners evaluated by EcoVadis (since April 2024) who carry out fair and objective evaluations: Encourage the participants of educational programmes or on-site dialogues.
- Scheduled education programmes for business partners (fiscal year 2024): First education programme ("Human Rights and Labour" implemented), Second education programme ("Fair Trade and Ethics" implemented)

9. Training programme for IHI Group employees

(1) Implementation of Training Programme for IHI Group Employees

To prevent modern slavery and human trafficking, the following education programmes are being implemented. The contents of the training programmes will be reviewed and improved in a timely manner based on the human rights due diligence within the IHI Group and trends in international rules, under the guidance of external experts.

- E-learning course on Human Rights Awareness

We regularly provide e-learning courses on business and human rights, including the prohibition of forced labour and child labour, which are material human rights issues for all IHI Group companies and their directors, officers and employees. E-learning courses on "IHI Human Rights Policy" (available in 20 languages), "Business and Human Rights" can be taken at any time on-line. In the fiscal year 2024, we added a new e-learning course on the topic of "unconscious bias". Through the e-learning courses, we are trying to ensure that all directors, officers and employees of IHI Group and our business partners maintain a proper understanding of and respect for human rights.

- Training for IHI Group Human Rights Committee Members

In May 2024, we held a training session for the members of IHI Group Human Rights Committee on the topic of "Resolution of Human Rights Issues through Businesses", which was followed by another training session in October 2024 on "DE&I for Organizational Change" with external experts invited as lecturers. All committee members participated in the training sessions and received lectures on human rights issues in the workplace and business activities.

- Training for Human Rights Task Teams

Human Rights Task Teams hold study sessions with external experts once a month and receive advice from them on how to improve our human rights related initiatives.

(2) Participation in external initiatives

By actively participating in discussions with other companies and external experts, we are trying to improve and strengthen our efforts to address global human rights issues by obtaining information on the latest trends and cases. IHI Group has declared its support for the “10 Principles of the United Nations Global Compact” and has been a member of the “Global Compact Network Japan (GCNJ)” since 2022. We continued to participate in the GCNJ in 2024 to deepen our understanding of the human rights risks.

(3) Future Initiatives

We will summarize the results of the identification, evaluation, response, and follow-up evaluation of human rights issues, which were carried out between the fiscal years 2022 to 2024 mainly targeting our employees and suppliers. We will also expand the scope of the definition of “rights holders” relating to IHI Group and review material human rights issues for them as well. In addition, we will establish mechanisms for human rights risk assessment when developing business in high-risk countries.

10. Consultation process

In preparing this statement, IHI conducted consultations with its affiliates based in the United Kingdom and Australia (Terratec Australia PTY.Limited, Indigo TopCo Limited, Bernex UK Limited, Ionbond UK Limited, IHI ENGINEERING AUSTRALIA PTY.LTD., IHI Europe Ltd.)

This statement was approved by the Board of Directors of IHI Corporation, held on 25 August 2025 and was signed on behalf of the Board of Directors by the Representative Director, who is responsible for it.

President and Chief Executive Officer
Hiroshi Ide

