

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, labour conditions, occupational safety and health, the environment, and information management.

Request to Our Business Partners

The IHI Group is working to implement CSR procurement in our business activities. This means fulfilling our social responsibilities in collaboration with our business partners, while giving due consideration not only to basic requirements such as quality, price and delivery periods, but also to human rights, labour conditions, occupational safety and health, the environment and information management. We ask for your company’s cooperation and understanding in promoting the following objectives.

1. Compliance with Laws, Regulations, and Social Norms

We ask your company and your affiliates to comply with the related laws, regulations and social norms governing your local and global businesses through fulfillment of the following actions:

- (1) To ensure full compliance with the related laws and regulations (e.g., commercial codes, competition law, subcontractor regulations, foreign exchange laws, personal privacy laws, intellectual property laws and environmental laws) of the countries and/or regions in which they operate.
- (2) To prohibit the inappropriate giving of favors (any illegal or non-contractual giving of favors or dealings with anti-social forces such as organized crime).

(3) To prevent the inappropriate obtaining, using or disclosure of confidential information.

2. Paying Attention to Human Rights, Labour Conditions, and Occupational Safety and Health

We ask your company and your affiliates to respect the human rights of your employees and to assure their labour conditions, and occupational safety and health in your business activities through fulfillment of the following actions:

- (1) To prohibit unjust discriminatory actions, forced labour and child labour.
- (2) To respect the rights of workers through appropriate management of working hours and adequate remuneration.
- (3) To establish a workplace where worker safety and health are ensured through proactive prevention of occupational accidents.

3. Respect for the Environment

We ask your company and your affiliates to comply with all environmental laws in your business activities. We also ask you to proactively carry out activities which contribute to minimizing the environmental impact, while paying attention to social needs and requirements related to the environment.

4. Information Disclosure

We ask your company to actively disclose information in areas such as your management policy, business status, and efforts to reduce environmental impact and address social needs.

5. Ensuring Quality and Delivery Periods

We ask you to establish production and crisis management systems capable of stably securing and supplying materials and services with the proper quality and safety, as required by the IHI Group.

6. Enhancement of Competitiveness

We ask your company and your affiliates to share the issue and goal of strengthening competitiveness with the IHI Group, and on that basis provide us with information on appropriate materials, technologies, methods and more, and to proactively make proposals related to Value Engineering (VE) and other methods for the promotion of cost reductions.

7. Efforts to Address Conflict Minerals

Some of the minerals produced in the Democratic Republic of the Congo and neighboring countries (tin, tantalum, tungsten and gold) are regarded as funding sources for anti-social forces involved in conflicts which drive severe violations of human rights and environmental destruction. (These minerals are called “conflict minerals.”) The policy of the IHI Group is to not procure materials, parts or products using these conflict minerals, and thereby avoid contributing to human rights violations and environmental destruction. We ask your company and your affiliates to cooperate with these efforts.

8. Implementation Throughout the Supply Chain

We ask your company to establish basic policy emphasizing CSR procurement, and to extend this policy to your affiliates.

9. Providing Information on Efforts

To confirm your company's efforts to implement CSR procurement, we may request you to furnish information, or the person in charge from the IHI Group may visit your company. In such cases, we ask for your cooperation.