

Business and Human Rights

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Message from the President





井手博

In November 2021, the IHI Group announced the policy of IHI Group's ESG Management, which achieve a socially and environmentally responsible business operation with values rooted to the environment, society, and governance. Through ESG management, we aim to create a world where nature and technology work in unity, that is, a sustainable world where technology protects society from extreme environmental events and people live and flourish in a safe and secure environment.

Respect human rights are essential for the IHI Group to realize a sustainable society and to achieve sustainable growth as a company. Human rights violations through corporate activities include the violation of workers' rights due to harassment and discrimination, forced labor, child labor, and damage to the lives of local residents due to climate change. We need to learn about the potential risks of human rights violation in our business activities and fulfill our responsibility to respect human rights for all people involved in our business activities. These are based on the IHI Group Human Rights Policy and international standards related to human rights.

Respect for human rights means correctly understand your own human rights, as well as others, and showing mutual respect. “Diversity and inclusion” are one of the important factors of respecting human rights. In the workplace, I would like to work with all of you to cultivate a corporate culture where people can speak up their opinions with the mindset of always respecting others.

We must consider human rights from every other aspect, which includes our relationships with business partners, actual use of our products. In our day-to-day business, we should always be reminded of our Group Basic Code of Conduct and consider how each of you will work to respect human rights.

Let's work together to realize a society in which human rights are respected.

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Key Issues of ESG Management



IHI Group's ESG Management

**Materialize
fulfilling
lifestyles**

**Become
carbon-free**

**Prevent and
mitigate
disasters**

In November 2021, IHI Group announced "IHI Group's ESG Management."
ESG management is designed to protect the environment of our planet and the people who inhabit it from natural threats and to create a society in which people can live in safely, securely, and abundantly.



Our vision for the future is to create "A World where Nature and Technology Work in Unity."

A World where Nature and Technology Work in Unity

Material issues



Climate change

Human rights

Diversity and inclusion

Securing and maintaining stakeholder trust

The four material issues in ESG management are tackling climate change, which is a global issue respecting the human rights of people involved in our business building a diverse and inclusive workforce that drives value creation and "Securing and maintaining stakeholder trust" through honest corporate management.

A World where Nature and
Technology Work in Unity

Material issues



Climate change

Human rights

Diversity and inclusion

**Securing and maintaining
stakeholder trust**

The topic covered in this presentation, "Respecting human rights," is one of the material issues specified by IHI Group's ESG Management.

A World where Nature and Technology Work in Unity

Material issues



Climate change

Human rights

Diversity and inclusion

Securing and maintaining stakeholder trust

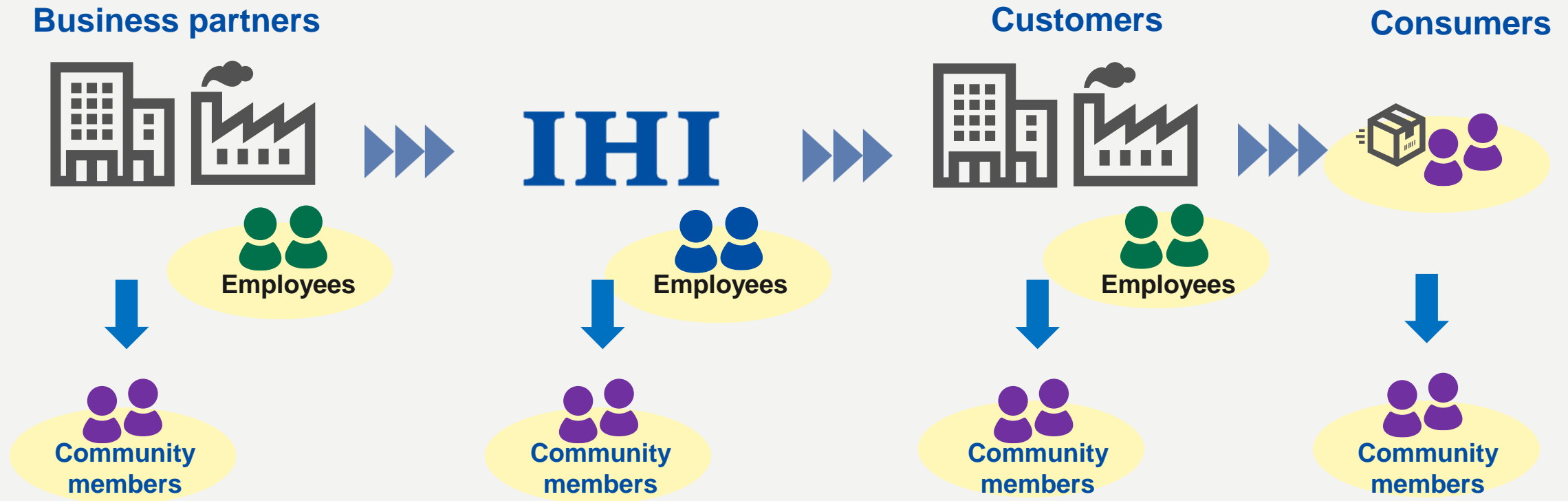
Respecting human rights in corporate activities is one of the important elements that fall under the "social" component of the "environmental," "social," and "governance" components of ESG investment, and its importance is increasing in terms of attracting the growing amount of ESG funds.

IHI Group's ESG Management

Respecting the Human Rights of All Stakeholders

The IHI Group's ESG Management approach is to address the "Respecting Human Rights of All Stakeholders" as its foundation for achieving ESG management.

Respecting Human Rights



In order for IHI Group to resolve various social issues through its business, it is necessary to respect the human rights and values of all people, both internally and externally, involved in and affected by IHI Group's activities.

Respecting Human Rights

In this way, IHI Group aims to foster a corporate culture that respects human rights as the basis of its corporate activities.

In this session, we would like you to learn about “Respecting human rights” and to think about what each of you can do in your own personal lives.

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The Importance of Respecting Human Rights



Human Rights

Rights to live a happy life as a human being

In our daily lives, we often hear the words "Human Rights." Human rights refer to the rights that everyone is born with to live a happy life as a human being.



The Social Responsibility of Respecting Human Rights

Each person is irreplaceable, precious, and important, and every company has a social responsibility to respect human rights.

Guiding Principles on Business and Human Rights

Prevent

Mitigate

Remedy

negative impacts on human rights



The Guiding Principles on Business and Human Rights, approved by the UN Human Rights Council in 2011, clearly state the responsibility of companies to respect human rights and require companies to prevent, mitigate, and remedy negative impacts on human rights.

**Human resources are our single most
valuable asset**

IHI

Respect for human rights is not only a responsibility imposed on us as a company, but also a value of the IHI Group itself.

Our management philosophy of “Human resources are our single most valuable asset” would not be fulfilled if we did not promote business activities that respect human rights throughout our entire group.

Basic Code of Conduct for the IHI Group

GG101-01-2

(Translation)

Basic Code of Conduct for the IHI Group

We at the IHI Group are committed to implementing what is necessary to meet the expectations and gain the trust of not only our customers, business partners, shareholders and colleagues, but also the local and international communities, while maintaining an awareness of global issues. By doing so, we aim to enhance our existential value as we move forward into the future and realize our Group's management philosophies of "Contribute to the development of society through technology" and "Human resources are our single most valuable asset."

Chapter 1. Fundamental and Universal Principles of the Entire IHI Group

Article 1. 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.

Article 2. Respect for human rights

We fully recognize the importance of, and always strive to respect, human rights during our business activities.

Article 3. 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.

Basic Code of Conduct for the IHI Group prescribes what we should do to respond to all stakeholders' expectations with an awareness of global issues. Please take this opportunity to review it.

IHI Group Human Rights Policy

IHI Group Human Rights Policy

In accordance with our Group Management Policy of "Contribute to the development of society through technology" and "Human resources are our single most valuable asset," the IHI Group is aware of global issues and promoting action to find solutions. As such, based on the IHI Group Basic Code of Conduct, we have established the IHI Group Human Rights Policy. Through human rights awareness activities based on international standards, we will fulfill our responsibility to respect the human rights of all by fostering a respectful corporate culture and promoting human rights throughout our business activities.

(Scope)

1. This policy applies to all officers and employees engaged in IHI Group business (hereinafter "Officers and Employees").
2. We will account for the human rights of all people in the course of our business activities.
3. We will request our suppliers and business partners to understand this policy and respect human rights.

(Compliance with international standards, laws and regulations, Basic Code, etc.)

1. We support and respect international standards for human rights (e.g. the International Bill of Human Rights, the International Labour Organization's Declaration on

Moreover, based on Basic Code of Conduct for the IHI Group, we established the IHI Group Human Rights Policy in December 2020. In this Human Rights Policy, we are committed to actively fulfilling our responsibility in regard to respecting the human rights for all people.

IHI Group Procurement Policy

Fair and Impartial Procurement

**Mutually Beneficial Partnership with
our Business Partners**

**Approach to Compliance and Social
Responsibility**

In January of 2021, we revised our IHI Group Basic Procurement Policy and stated our commitment to "Fair and Impartial Procurement," "Mutually Beneficial Partnership with our Business Partners," and "Approach to Compliance and Social Responsibility. "

Let's review these policies and together respect the human rights of all stakeholders.

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Six Key Human Rights Issues



Six Key Human Rights Issues

IHI Group conducted a human rights risk assessment of IHI and IHI Group operations in Japan and overseas with the advice of outside experts. Based on the results of the analysis and evaluation of this assessment, six "key human rights issues" were identified as areas where there is a risk of human rights violations.

Prohibition of forced labor

Prohibit all work that is compelled by the threat of punishment and that is not voluntarily offered by the individual.

Prohibition of child labor

Prohibit the labor and employment of workers under the legal minimum age for employment in the country or region in which the business operates.

Provision of equal opportunity

Ensure equal opportunity and fairness in the treatment of human resources, including hiring, training, promotion, and compensation.

Prohibition of discrimination and harassment

Zero tolerance of discrimination (race, gender, nationality, religion, etc.) and harassment in the workplace.

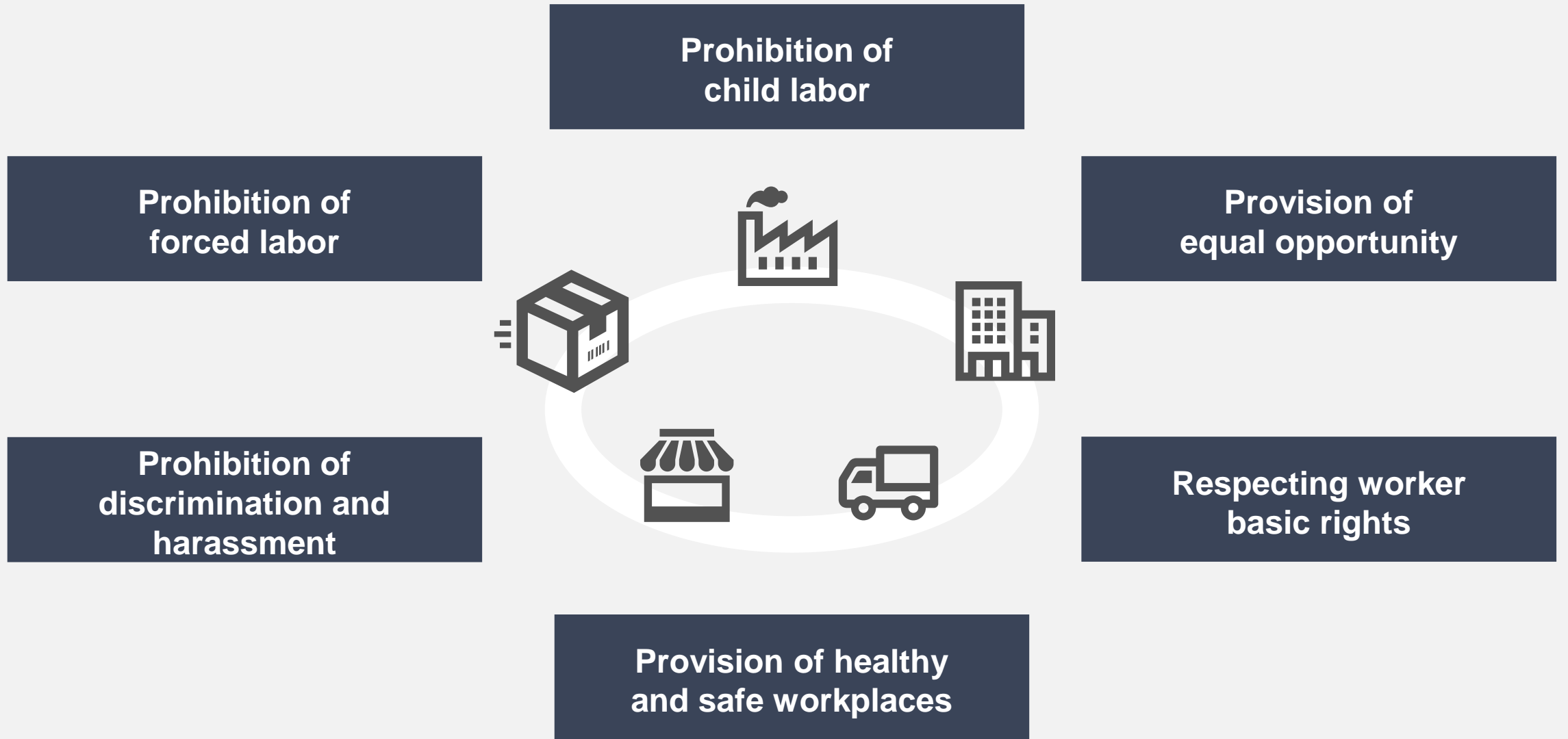
Provision of healthy and safe workplaces

Develop a safe and healthy working environment and structure.

Respecting worker basic rights

Establish appropriate working hours and wages in the regions in which we operate. Respect freedom of association and the right to collective bargaining.

These six issues are "prohibition of forced labor," "prohibition of child labor," "provision of equal opportunity," "prohibition of discrimination and harassment," "provision of healthy and safe workplaces," and "respecting worker basic rights."



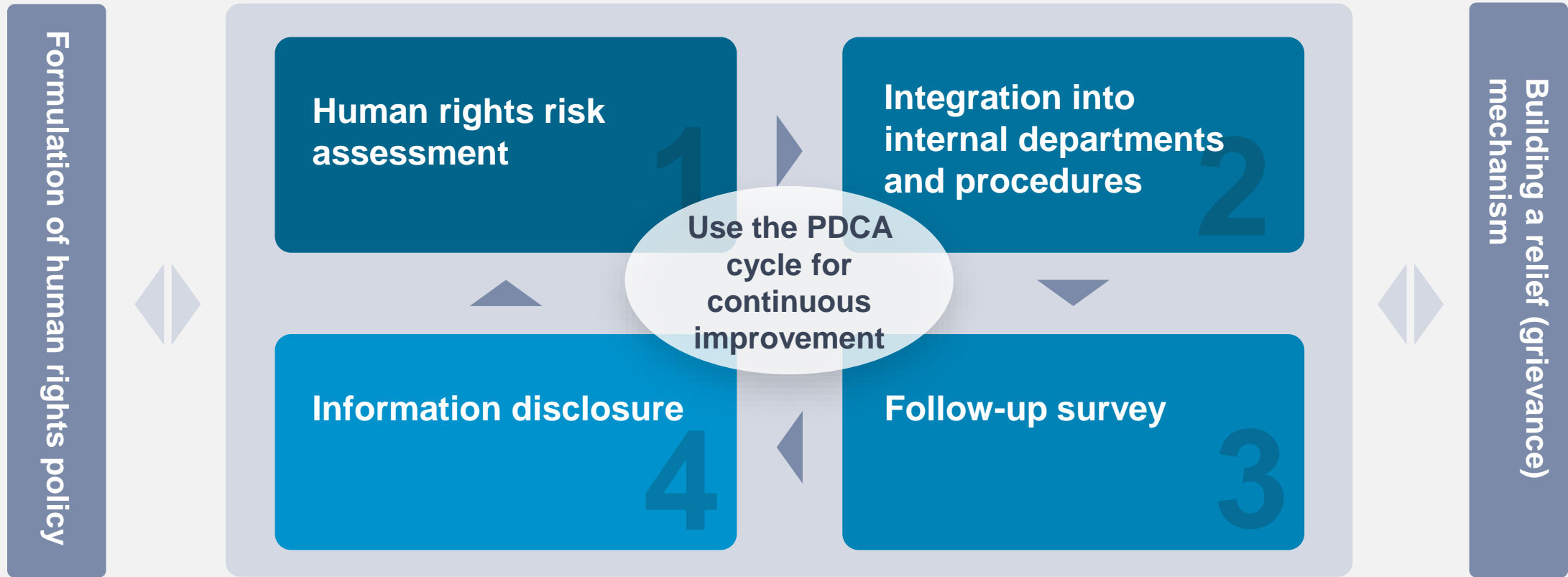
These human rights issues must also be looked at in the supply chain, that is, the work environment of suppliers, and so on.

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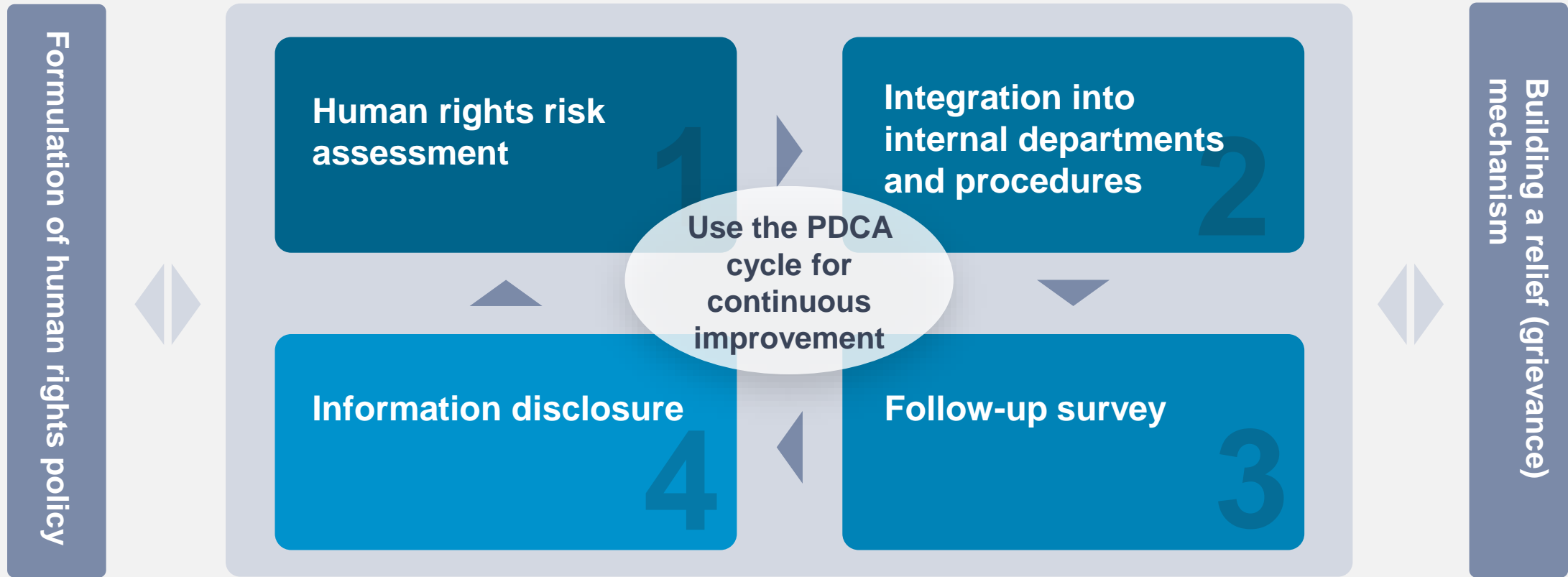
**Concrete Action Towards
Key Human Rights
Issues**





Human Rights Due Diligence

In order to promote Group-level initiatives on the six key human rights issues, starting with high-priority issues, we have initiated "Human Rights Due Diligence," a mechanism to identify and assess human rights risks and to verify and improve the effectiveness of our human rights initiatives.



Human Rights Due Diligence

In the human rights due diligence process, we will continuously make improvements through a four-step PDCA cycle as outlined in the Guiding Principles on Business and Human Rights.

Human Rights Issues



First, we are conducting a "Human Rights Impact Assessment Survey," which is an assessment of IHI Group employees' human rights risks, including their work environment, in order to understand the current situation and actual conditions, focusing on the key human rights issues that we have identified.



Measures against human rights risks

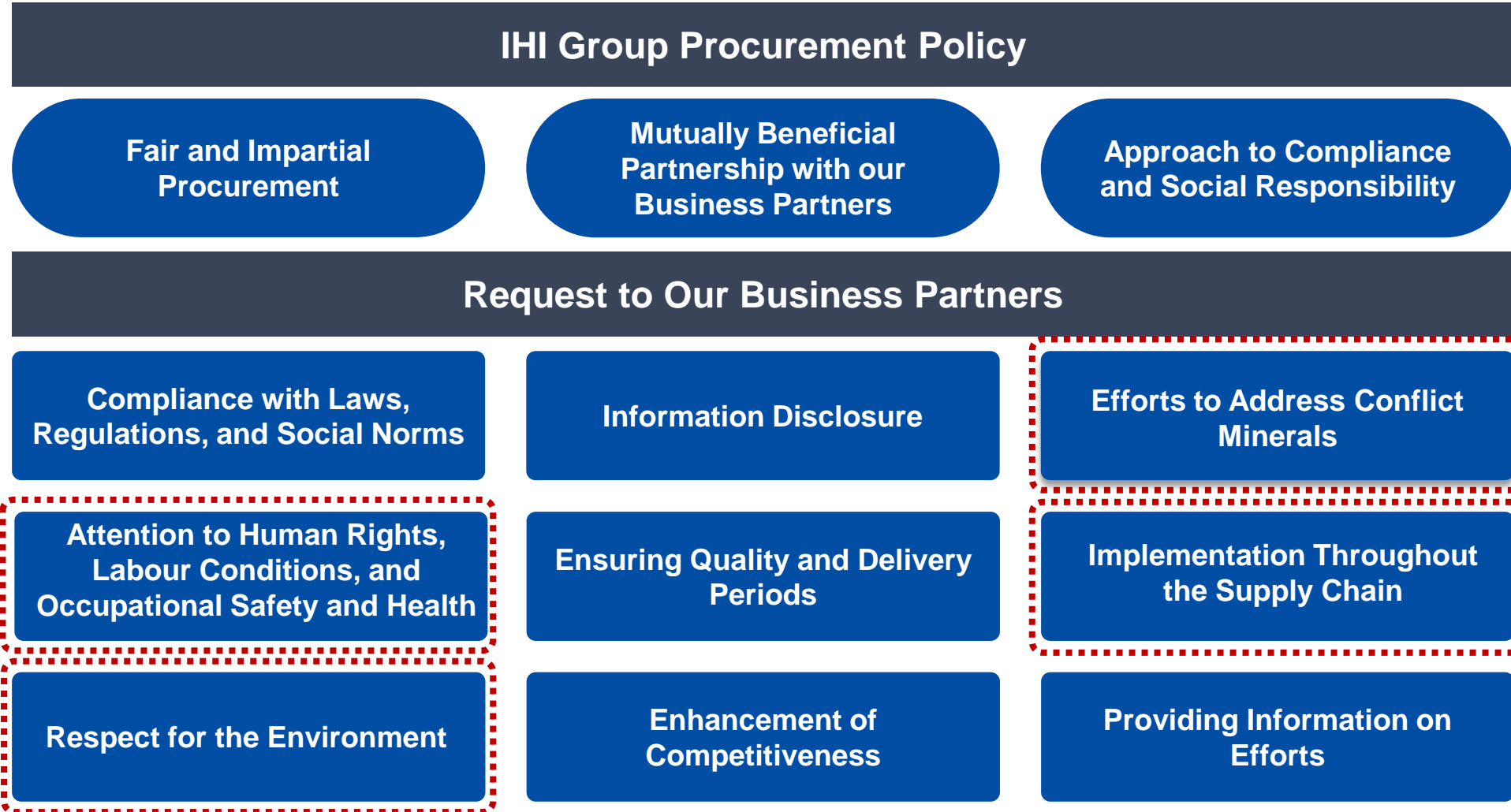
Prevent

Mitigate

Remedy

Based on the results of this survey, we will work to formulate and implement measures to address human rights risks.

IHI Group's CSR Procurement



We also ask our supply chain to pay consideration to human rights, labor, health and safety in their business activities. We will monitor and survey our suppliers to see if they are implementing these measures, and through dialogue, request their specific cooperation.



IHI

Through such human rights and environmental considerations, we are working to prevent human rights violations from occurring in the IHI Group's overall business activities, including our supply chain.

Business and Human Rights

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What We Can Do





Human rights are the rights of all people around the world, and the IHI Group's business activities are supported by a vast variety of people throughout the globe, including colleagues, business partners, customers, and local communities.

Basic Code of Conduct for the IHI Group

Article 2 : Respect for human rights

We fully recognize the importance of, and always strive to respect, human rights during our business activities.

Article 5 : 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.

Here, let's review Article 2 "Respect for human rights" and Article 5 "Responsibilities towards those with whom we work" of the Basic Code of Conduct for the IHI Group. The Basic Code of Conduct specifically calls for business activities to be conducted with the following three points in mind.



Do not engage in discrimination or harassment.

Do not overlook them.

First, do not engage in discrimination or harassment. Do not overlook them.

Respect the diversity of people, and take a nonjudgmental attitude toward race, skin color, gender, religion, place of birth, ideology or belief, age, disability, sexual orientation, gender identity, and so on, and do not engage in harassment or any other behavior that may defame a person.

Do not engage in discrimination or harassment.

Do not overlook them.



If you become aware of an act that violates human rights, do not overlook it.

NEVER allow

child labor or forced labor.



Second, never allow child labor or forced labor.
We must not allow children under the legal age to work or force people to work under fear of punishment.

Create safe and comfortable

workplaces.



Third, create safe and comfortable workplaces.

We must respect the personality and individuality of all those we work with, ensure a safe and comfortable work environment, and strive to realize a comfortable and affluent work environment for all workers.



**Think about the impact
of your own actions**

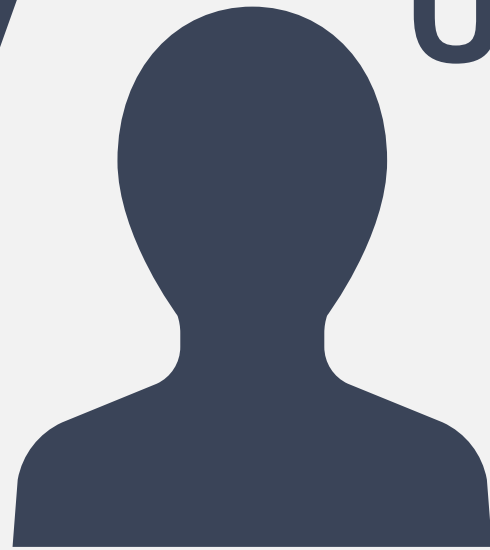
In addition to the above, let's strive to respect the human rights of all people with whom we interact through our business.

In order to practice respecting of human rights, each of you must be fully aware of the importance of human rights and how your actions affect them in the course of your business activities.



Let's not stop at thinking about human rights on our own; let's have opportunities to communicate about human rights with the people around us in both the community and workplace.

Consciously



Unconsciously

Acts that violate human rights are not only conscious, but can also be unconscious.

**Women can do XX work and men
can do YY work**

**People from that
country have that
kind of personality**

**Employees raising
children can't handle
heavy workloads**

**All people from that
generation have that
kind of attitude**

**This work is impossible for
young/old people**

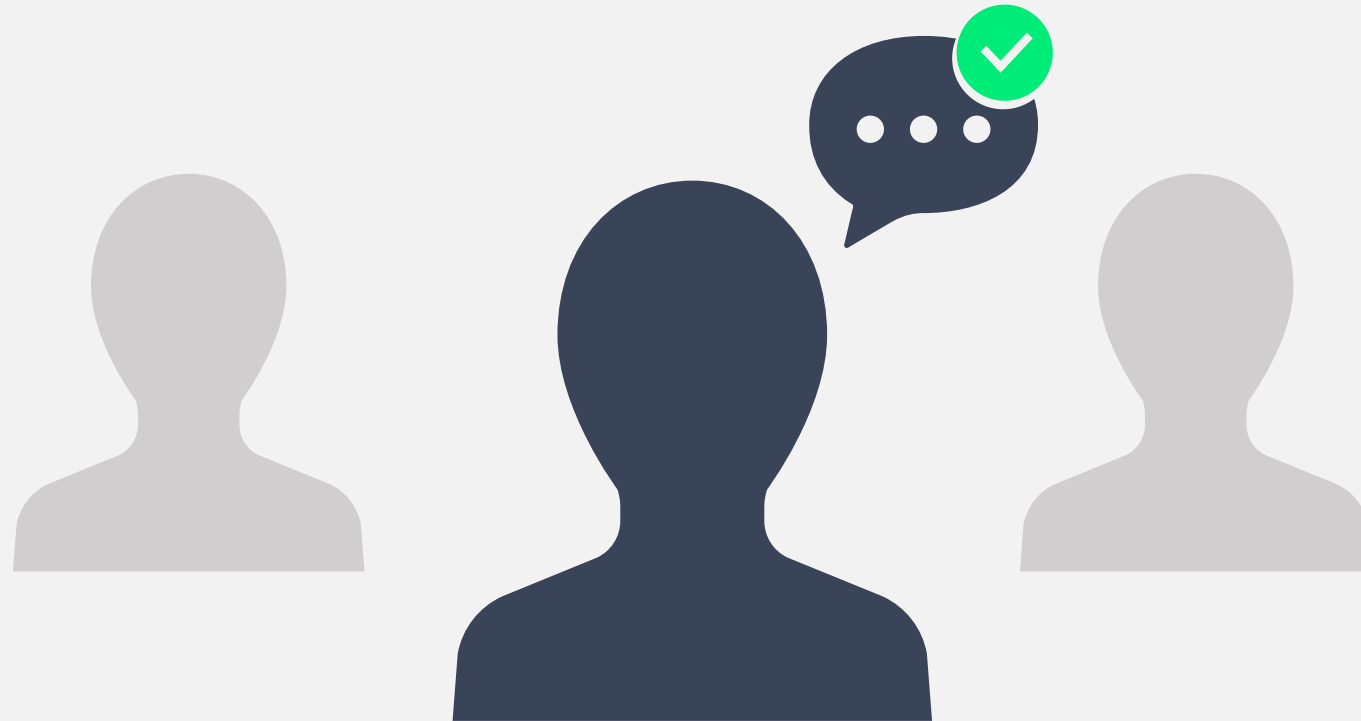
For example, do you assume that you are suited for a certain type of work depending on your gender? Or perhaps that employees who are raising children cannot handle a heavy workload?



I'm fine.

**It's got nothing to do
with me.**

If you think, "I'm fine," or "It's got nothing to do with me," you may not recognize a problem.



We should always be mindful of examining our own words and actions to ensure they are not problematic.



Furthermore, in all aspects of our daily business activities, let's always keep in mind where our business operations are having an impact, on whom, and in what way. Let's spread positive influence through the actions of each and every one of us.