

Last Updated: June 30, 2025

IHI Corporation

Hiroshi Ide, Representative Director and President

Contact: Kiyoshige Kaseda, General Manager, Administration Division

Securities Code: 7013

<http://www.ihc.co.jp>

The corporate governance of IHI Corporation (hereinafter, the “Company”) is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Views

1. Basic Views

The Company defines corporate governance as a system that assures sustainable growth and maximization of corporate value by enhancing management efficiency so that the Company can leverage its innate capabilities to the fullest extent possible. To achieve this, the Company 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, the Company ensures appropriate operations across the entire Group. The Company promotes constant improvement of its corporate governance, aiming to earn the trust and support of its shareholders and other stakeholders over the long term.

The Company will work to enhance its corporate governance in line with the following basic policies:

- (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 line with the medium- to long-term interests of shareholders

[Reasons for Non-compliance with the Principles of Japan's Corporate Governance Code]

The Company complies with every principle of Japan's Corporate Governance Code.

[Disclosure Based on the Principles of Japan's Corporate Governance Code]

Updated

[Principle 1.4 Cross-Shareholdings]

Basic Policies

In principle, the Company does not hold shares in listed companies for cross-shareholding purposes. However, the Company 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 the Company.

Management of Cross-Shareholdings

The propriety of shares that the company holds in exceptional cases, including unlisted shares, is reported to the Board of Directors by confirming the medium- and long-term significance of holding and examining the rationality from the perspective of whether the benefits and risks from each holding cover the cost of capital.

In fiscal 2024, the Company has wholly sold 7 stocks, among 112 cross-shareholding stocks (consisting of 36 listed securities and 76 unlisted securities) the Company owned at the end of last fiscal year.

Standards for Exercising Voting Rights

In exceptional cases of holding cross-shareholdings and exercising its voting rights, the Company 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 the Company's own corporate value. If any doubt arises, the Company uses means such as dialogue with the company in question to determine whether it is for or against each agenda item. If the Company determines that it cannot approve an agenda item, it may consider selling its shareholding in the company in question.

[Principle 1.7 Related Party Transactions]

With regard to related party transactions within the scope specified by the Companies Act and the accounting standards, important transactions over a certain value are reported to the Board of Directors and disclosed in the Annual Securities Report and notes to financial statements. Approval by the Board of Directors is required for directors to enter into transactions involving conflicts of interest.

[Supplementary Principle 2.4.1] (Ensuring diversity in the Promotion of Core Personnel)

Concept of Ensuring Diversity

Based on the IHI Group's ESG Management which was announced in November 2021, the Group Management Policies 2023 and the Group Human Talent Strategy 2023, the IHI Group promotes diversity, equity, and other initiatives as part of its corporate responsibility. To solve social issues through business activities, it is necessary to incorporate perspectives from the Group's diverse human resources into its practices to realize the issues and needs of 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 considers the differences in each person's position, living environment, gender, and so on to create fair opportunities, and to cultivate an environment in which each person's strengths are utilized, with the power of diversity that results in this leading to value creation.

Goals for Ensuring Diversity

(1) Promotion of Women to Managerial Positions

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

•Targets (FY2026)

Ratio of female Managers: 7%

Ratio of new female university graduate recruitment: About 20%

•Reference (FY2030) *To be reviewed as necessary according to target progress

Ratio of female managers: Aiming for about 15%

Ratio of new female university graduate recruitment: Aiming for 20% or higher

(2) Promotion of Foreign nationals and Mid-career Hires to Managerial Positions

Based on the Group Human Talent Strategy 2023, the Company is advancing the recruitment and development of talented individuals, regardless of nationality or time of hire. The Company is not only regularly recruiting new graduates, but also hiring diverse talents with the necessary experience and expertise for the business through various channels.

Furthermore, the Company is working on creating an environment where foreign nationals and mid-career hires can excel, by establishing educational and support programs aimed at early success, actively selecting candidates for executive talent development education, and ensuring no discrepancies in promotion to managerial positions based on nationality or time of hire. The Company continues to promote and reward talented individuals consistently.

Policies for Human Resource Development and Internal Environment Development

For further details on the status of ensuring diversity and the policies on human resource development, please refer to the “Diversity, Equity, and Inclusion” in IHI Sustainability Data Book, available on the Company's website.

(<https://www.ihj.co.jp/sustainable/data/sustainabilitydatabook/>)

[Principle 2.6 Roles of Corporate Pension Funds as Asset Owners]

The Company has introduced a defined contribution pension plan with the aim of supporting employees' voluntary efforts to secure income in old age and stabilize their lives. The Company does not have a corporate pension plan in which the Company is the asset owner.

[Principle 3.1 Full Disclosure]

(1) Management Philosophy, Business Strategies and Business Plans

The Company formulated the IHI Group Vision, and the Group Management Policies based on the Group's management philosophy of “Contributing to the development of society through technology” and “Human resources are our single most valuable asset.” For further details, please refer to the Company's website.

(<https://www.ihj.co.jp/ir/management/>)

(2) Basic Views and Policies on Corporate Governance

For further details regarding the Company's basic views and policies on corporate governance, please refer to the section of this report entitled “1. Basic Views” within “I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information.”

(3) Remuneration, etc., of Directors and Audit & Supervisory Board Members

At its Board of Directors' meeting held on May 21, 2025, the Company 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 (an independent director serves as the chairperson of the Remuneration Advisory Committee, which consists of six (6) members, including three (3) independent directors, one (1) independent audit & supervisory board member, the director in charge of human resources, and the director in charge of finance and accounting).

a. Directors (Excluding Independent Directors) and Executive Officers

(a) 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 about the Company's and the IHI Group's sustainable growth and improve the medium- and long-term corporate value.

- Remuneration shall be structured with the appropriate allocation of a fixed base amount, an annual incentive (performance-based bonuses), which is linked to the operating performance of each fiscal year, and a long-term incentive (performance-based share remuneration and restricted share remuneration plan), which is linked to medium- and long-term operating performance and corporate value aimed at broadly sharing a sense of value with stakeholders, and thereby shall contribute to performing with a sound entrepreneurial spirit.

Under the management philosophy, “Human resources are our single most valuable asset,” appropriate treatment shall be provided to officers of the Company in consideration of the Company's management environment, and social roles and accountabilities the Company undertakes.

(b) Remuneration Level and Allocated Ratios of Remuneration

The Company shall appropriately establish remuneration levels and allocated ratios of remuneration upon having considered factors that include the Company'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.

With respect to allocated ratios of remuneration, the Company shall set a base amount, an annual incentive, and a long-term incentive at approximate proportions of 50%:30%:20% for the President and the Chairman of the Board, and at approximate proportions of 55%:25%:20% for other directors, subject to standard business performance. In addition, the long-term incentives shall be set so that the ratio of performance-based share remuneration to the restricted share remuneration plan is roughly 1:1.

(c) Framework of Incentive Remuneration

i. Annual Incentive

Performance-based Bonus

(i) Performance indicators and reasons for selection thereof

Performance evaluation indicators shall be those that include: profit attributable to owners of parent aimed at maintaining common interests with our shareholders; consolidated operating cash flow aimed at strengthening the capacity to generate cash necessary for growth; and ESG Indicators aimed at promoting ESG Management. ESG Indicators are used to evaluate efforts to reduce greenhouse gases, improve employee engagement, and promote DE&I. The performance indicators shall be reviewed as necessary, particularly upon encountering changes in the management environment and executives' duties.

(ii) Method of calculating remuneration

The monetary amount of remuneration provided every fiscal year is calculated as the amount of payments based on individual evaluation indicators added to the product of the standard payment amount corresponding to titles and positions multiplied by the performance evaluation payout rate corresponding with percentage achievement of profit indicators, and then added to the amount of payments based on ESG indicators multiplied by the achievement rate of

adjustment factor based on the growth rate of the consolidated operating margin. The performance evaluation payout rate varies from a range of approximately 0 to 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.

ii. Long-term Incentive

Performance-based Stock Remuneration

(i) 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. The Company shall furthermore review the possibility of making changes to the performance indicators as necessary in alignment with a review of the Group management policies.

(ii) Method of calculating remuneration

The number of shares to be delivered on an individual basis as performance-based share remuneration (a monetary sum equivalent to the market value of the shares is to be delivered with respect to a portion of such remuneration) shall be calculated as the standard number of shares to be delivered with respect to each of the job title rankings, multiplied by a coefficient aligned with the percentage of the consolidated ROIC target achieved. The coefficient varies from a range of approximately 0 to 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.

Restricted Share Remuneration Plan

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 the time 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.

(d) Remuneration for officers providing services outside Japan

If deemed necessary for the execution of work, an allowance may be paid separately for expenses, etc., determined by the Company in consideration of laws and regulations, practices, and standards pertaining to remuneration in the region, or the remuneration may be determined individually in consideration of local market standards, etc. The equivalent allowance will be paid as part of the basic remuneration.

(e) 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 the Company.

(f) Other significant information

(i) 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 medium- and long-term incentives in the case of events such as revision of business performance, which is the basis of remuneration, or 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, the annual incentive is not paid to directors if no dividend is paid.

(ii) 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.

(g) Remuneration of executive officers

The remuneration of executive officers shall be determined in light of their responsibilities and based on the policy for Directors (excluding Independent Directors). For executive officers responsible for business operations, the performance evaluation indicators for the annual incentive shall include “profit attributable to owners of the parent company,” “consolidated operating cash flow of the business segment in charge,” and “ESG indicators,” among others.

b. Remuneration of Independent Directors and Audit & Supervisory Board Members

Remuneration of independent directors shall consist only of a base amount in the light of their duties. Remuneration of audit & supervisory board members shall consist only of a base amount, as compensation for responsibilities for auditing the execution of business throughout the IHI Group. The amount shall be determined through discussions among the audit & supervisory board members. The base amount for independent directors and audit & supervisory board members shall be set at an appropriate level upon having considered factors that include roles and responsibilities assumed by the respective officers. Moreover, the company shall perform verification by regularly surveying objective market data on remuneration researched by an external specialized institution.

(4) Policies and Procedures Relating to Appointment of Officers

The Company's Board of Directors sets the basic policy of appointing the most appropriate officers according to the ideal attributes for officers and the independence standards for independent directors and independent audit & supervisory board members, as separately described, with the aim of ensuring sustainable growth and increased corporate value for the IHI Group over the medium to long term.

The Company's Board of Directors has established a Nomination Advisory Committee (in this section (4), the “Committee”) comprised of all the independent directors and the 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.

The Committee is consulted by the Board of Directors relating to proposals for appointment of senior management (the Chief Executive Officer and representative directors) and proposals for nomination of candidates for the positions of director and audit & supervisory board member. The Committee is also involved in the discussion and provides advice based on the reports received in advance on the reasons for each selection and appointment of each individual, participates in deliberations, offers advice, and reports the results of its deliberations to the Board of Directors.

The Committee receives reports on proposals for appointment of executive officers before their submission to the Board of Directors and confirms the suitability of the selections made.

The Board of Directors passes resolutions on these agenda items relating to appointment of officers after receiving the recommendations back from the Committee. If the Board of Directors comes to a decision that differs from the Committee's own recommendations, the Committee can request the Board of Directors to explain the reason.

Should members of senior management or executive officers meet the dismissal criteria for officers, a determination of such dismissal shall be resolved promptly by the Board of Directors.

The Board of Directors resolved with regard to the basic policies and procedures for appointment of officers stated above (including the ideal attributes for officers, the independence standards for independent directors and independent audit & supervisory board members and the dismissal criteria for officers), and the Committee deliberated on their appropriateness before making recommendations to the Board of Directors. If any revisions are made to the content of the policies and procedures in future, the same process will be followed.

Ideal Attributes for Officers

The Company appoints officers who are healthy in mind and body and have all the following attributes:

- Deep understanding of, and sympathy 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

Dismissal Criteria for Officers

- 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

(5) Individual Explanations Regarding Appointment of Officers

For further details regarding the reasons for nomination of candidates for the positions of independent director and independent audit & supervisory board member, please refer to the information under [Directors] and [Audit & Supervisory Board Members] in the section of this report entitled "1. Organizational Composition and Operation" within "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management." Reasons for nomination as non-outside directors and non-outside audit & supervisory board members are being disclosed from the Ordinary General Meeting of Shareholders held in 2016 by the notice of convocation.

[Supplementary Principle 3.1.3] (Initiatives on Sustainability)

Sustainability Policies

The Company has announced IHI Group's ESG Management as its policy on sustainability in November 2021.

(<https://www.ihi.co.jp/sustainable/esg/>)

Investment in Human Capital

The Company announced the Group Human Talent Strategy 2023 in connection with the Group Management Policies 2023. The Company announced the Group Human Talent Strategy 2023 in conjunction with the Group Management Policies 2023. For more details on the initiatives regarding human capital, please refer to the "Diversity, Equity, and Inclusion" in IHI Sustainability Data Book, available on the Company's website.

(<https://www.ihi.co.jp/sustainable/data/sustainabilitydatabook/>)

Investment in Intellectual Property

The Company has undertaken the challenge of developing technology that continuously provides new value by cultivating technology in cooperation with various partners. The Company also promotes intellectual property activities in an integrated manner with both its management policy-based business and technological strategies. For more details on the initiatives regarding technology & intelligence integrity intellectual property, please refer to the 'Innovation Management' in IHI Sustainability Data Book, available on the Company's website.

(<https://www.ihi.co.jp/sustainable/data/sustainabilitydatabook/>)

Information Disclosure Based on TCFD Framework

The Company became a signatory to the Task Force on Climate-related Financial Disclosures (TCFD) by resolution of the Board of Directors in May 2019. The Company discloses information regarding Governance, Strategy, Risk Management, Metrics and Targets, as well as the results of Scenario Analysis under the "Climate Change" in IHI Sustainability Data Book, available on the Company's website.

(<https://www.ihi.co.jp/sustainable/data/sustainabilitydatabook/>)

[Supplementary Principle 4.1.1] (Summary of the Scope of Matters Delegated to the Management by the Board of Directors)

The Company has set out in the Regulations of the Board of Directors the following matters on which the Board of Directors itself will pass resolutions:

- (1) Matters relating to shareholders and general meetings of shareholders: Convocation of the general meeting of shareholders and purposes of convocation, etc.
 - (2) Matters relating to shares
Issuance of shares for subscription, acquisition of own shares, issuance of bonds for subscription, etc.
 - (3) Matters relating to settlement of accounts and financial affairs
Approval of financial statements, business reports, and their supplementary schedules; disposal or acceptance of transfer of important assets; borrowings in a significant amount, etc.
 - (4) Matters relating to directors, executive officers, organization, etc.
Appointment of representative directors; appointment and dismissal of executive officers; establishment, changes or abolition of important structures including branch offices; transactions involving conflicts of interest conducted by directors, etc.
 - (5) Matters relating to management policies, business restructuring, etc.
Medium- to long-term management plans; annual profit plans; key business alliances or dissolution of business alliances; business transfers or acceptance of business transfers; establishment of subsidiaries, etc.
- Important matters relating to business execution other than those subject to resolution by the Board of Directors are deliberated adequately at meetings of the Management Committee, an advisory body to the Chief Executive Officer (CEO).

[Principle 4.9 Independence Standards and Qualification for Independent Directors]

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

(1) Major shareholders

The director should not be a major shareholder with 10% or more of the voting rights in the Company, 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 the Company'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 the Company'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 the Company (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, or consultant, etc., who receives ¥10 million or more of monetary consideration or other property from the Company annually besides compensation as an officer.

(4) Accounting auditor

The director should not be a representative partner or partner of the Company's accounting auditor.

(5) Mutual exchange of officers, etc., with the Company

The director should not be assigned to a corporation with which the Company 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. In addition to the above, the Company also considers age, concurrent positions, period in office, and related matters when nominating candidates as independent directors.

[Supplementary Principle 4.10.1] (Independent Nomination Committee and Remuneration Committee for Appropriate Involvement of Independent Directors) Policy, Mandates and Roles of the Nomination Advisory Committee regarding Independence

The Company has established the Nomination Advisory Committee, an optional consultative body to the Board of Directors, aimed at ensuring the proper implementation of officer appointments. The committee consists of 7 members, 6 Independent Directors and the President, with the majority being Independent Directors. Prior to the deliberations at the Board of Directors, the Nomination Advisory Committee conducts discussions on "Policies and Procedures on Officer Appointments", "Nomination of Director and Auditor Candidates", and "Selection of Executive Management (CEO, Representative Director)" which includes succession planning. These recommendations are then submitted to the Board of Directors. If the Board of Directors makes a decision that differs from the Committee's recommendations, the Committee can request an explanation of the reasoning from the Board. Furthermore, the Committee verifies the suitability of the proposals for the appointment of executive officers and expresses its opinion to the Board of Directors.

Policy, Mandates and Roles of the Remuneration Advisory Committee regarding Independence

The Company has established the Remuneration Advisory Committee as an optional consultative body to the Board of Directors to ensure the appropriateness and objectivity of officer remuneration. The Committee, which consists of six members - three Independent Directors, one Independent Audit & Supervisory Board Member, the President and the Chairman of the Board - is predominantly made up of Independent Directors. The Remuneration Advisory Committee conducts deliberations on the policies and individual remuneration amounts for directors and executive officers, incorporating objective remuneration market data researched by an external specialized institution, before the deliberations at the Board of Directors. The findings are then reported to the Board. If the Board of Directors makes a decision that differs from the Committee's recommendations, the Committee can request an explanation of the reasoning from the Board.

Moreover, if an auditor requests an opinion on their remuneration, the Committee is able to provide a response.

For specific members of both committees and their activities, please refer to the information under [Supplementary Explanations] in the section of this report entitled "I. Organizational Composition and Operation" within "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management."

[Supplementary Principle 4.11.1] (View on the Appropriate Balance, Diversity and Size of the Board of Directors)

In addition to making important decisions relating to business execution, the Board of Directors is required to perform the monitoring and supervisory function with regard to the overall management of the Company. To enable the Board of Directors to fulfill that function adequately, the number of directors is set at 15 or fewer. Currently there are 12 directors appointed to the Board. Of these, 6 are independent directors who perform their monitoring and supervisory functions rigorously, primarily through debate at Board of Directors meetings.

When appointing directors, the Company also considers the diversity and balance of knowledge, experience, and skills within the Board of Directors as a whole. It specifies in its ideal attributes for officers* that any candidate should have ample experience as a corporate manager, or a high degree of specialist knowledge, combined with a broad, global perspective and insight.

For more details on the expertise and experience (skills matrix) of the Company's current directors and audit & supervisory board members in the "NOTICE OF CONVOCAION OF THE 208th ANNUAL GENERAL MEETING OF SHAREHOLDERS" posted on the Company's website. (<https://www.ihico.jp/ir/event/meeting/>)

* For further information regarding the ideal attributes for officers, please refer to item (4) in the section of this report entitled [Principle 3.1 Full Disclosure].

[Supplementary Principle 4.11.2] (Concurrent Positions of Directors and Audit & Supervisory Board Members)

For further information regarding concurrent positions of directors and audit & supervisory board members, please refer to the Reference Material and the section entitled Company Officers in the Business Report within the Notice of Convocation of the 208th Ordinary General Meeting of Shareholders on the Company's website.

(<https://www.ihico.jp/ir/event/meeting/>)

[Supplementary Principle 4.11.3] (Summary of the Results of Analysis and Evaluation of the Effectiveness of the Board of Directors as a Whole)

The Company has been annually carrying out evaluation of the Board of Directors in principle since fiscal 2015 as an initiative to raise the effectiveness of the Board of Directors. To ensure independence and objectivity, an evaluation is conducted by an external third-party organization once every three years, and fiscal 2024 was the most recent year in which this evaluation took place.

Effectiveness Evaluation Process

The evaluation is performed as follows:

- An external consulting company administers an anonymous questionnaire to all directors and audit & supervisory board members. Items covered by the questionnaire include the composition and operation of the Board of Directors, risk management, and culture of the Board of Directors.
- The external consulting company compiles and analyzes the questionnaire responses and conducts interviews with all target officers based on the analysis results.
- The results of the above process are brought together in the form of a self-evaluation by the Board of Directors, and proposed points for improvement are identified.

Operation of the Board of Directors for Fiscal 2024

Based on the results of the effectiveness evaluation of the previous fiscal year, the Board of Directors initiated the following issues in fiscal 2024.

- Discussions on the way of monitoring and supervisory functions of the Board of Directors
- Setting of the 2024 management agenda by the executive team and discussions on this agenda at the Board of Directors meetings
- Creation of documents that clearly organized the issue to be discussed and enhancement of information provision to independent directors

The Effectiveness Evaluation for Fiscal 2024 and Newly Identified Issues

In the effectiveness evaluation conducted for fiscal 2024, the Board of Directors was again assessed to be functioning effectively. At the same time, it was recognized that further enhancement of discussions on medium- to long-term strategy and other important management matters is necessary to improve the Board's effectiveness, and the Board acknowledged this as an area for improvement. Based on these recognized issues, in fiscal 2025, sufficient opportunities

for discussion will be secured by placing management's key matters on the agenda throughout the year, with a particular focus on discussions related to the formulation of the new medium-term management plan. In addition, the Company will continue to implement operational improvements to make the most of the Board's limited time and ensure substantive discussions.

Furthermore, in light of a series of inappropriate actions at the Company's consolidated subsidiaries, the Board will monitor the progress of the established recurrence-prevention measures and deepen discussions on creating mechanisms to prevent similar incidents from occurring again, thereby strengthening group governance.

The next evaluation of the Board of Directors is scheduled to be conducted during fiscal 2025.

[Supplementary Principle 4.14.2] (Training Policy for Directors and Audit & Supervisory Board Members)

The Company provides opportunities for directors, audit & supervisory board members and executive officers to acquire the knowledge, etc., necessary to fulfill their roles and responsibilities, and bears the associated costs.

In addition, the Company bears the costs of training requested by individual officers, including holding seminars by experts or specialists, or participation in external seminars, as necessary.

[Principle 5.1 Policy for Constructive Dialogue with Shareholders]

Basic Views

The Company is well aware that timely, appropriate disclosure of corporate information to investors forms the foundation of a sound financial instruments market. Based on the basic principle of promoting highly transparent management throughout the Company, its basic policy with regard to disclosure of information is to disclose important information relating to the Company's management or operations to participants in capital markets promptly, accurately, continuously, and fairly, always from the investor's perspective. The basic policy also calls on the Company to show good faith in being accountable for its management course and key business operations.

Dialogue with Shareholders

Guided by this basic policy, the Company pursues IR (investor relations) activities, working to enhance its range of disclosure documents and holding financial results presentation meetings, as well as presentations by business division. Through such means as making these available online, the Company strives to provide proactive and fair disclosure.

The Company also engages in debate on important management policies, corporate governance, and other topics with major shareholders who have investment policies according with the medium- to long-term interests of shareholders. Dialogues with investors are mainly handled by the Finance & Accounting Division, and depending on who has applied to attend, and the purpose and content of the dialogue, directors or executive officers in charge may also attend. Important dialogue content is reported to the Board of Directors.

Current Status of Dialogue

The results the dialogues with various stakeholders, including shareholders and investors, are available on the Company's website.

(https://www.ihl.co.jp/sustainable/sustainability_management/stakeholder/)

System for Promoting Dialogue

The officer in charge of the Finance & Accounting Division oversees IR activities. In addition, the Company shares information about every aspect of IR activities, including the collection, sharing, disclosure and storage of material information, by holding meetings attended by the Corporate Communication Division, the Administration Division, the Corporate Planning Division, and the Finance & Accounting Division.

Management of Insider Information

The Company addresses the management of insider information by setting out its systems for managing and disclosing material information in its internal Regulations on Disclosure of Information.

(Actions to Implement Management That Is Conscious of Cost of Capital and Stock Price)

Description	Disclosure of initiatives (first time)
English disclosure	Yes

Explanation

Under the Group Management Policies 2023, our medium-term management plan, the Company has adopted ROIC as a key management indicator for measuring capital profitability and has set a target of 8% or higher for fiscal 2025. Management, with a focus on capital efficiency, achieved the 8.0% target in fiscal 2024, one year ahead of schedule, reflecting tangible results from these initiatives.

The Company will continue to enhance capital efficiency through initiatives such as working capital reduction, business structure reforms, and asset sales. At the same time, it will further deliberate on measures to improve capital efficiency and lower capital costs, and disclose progress on these initiatives.

2. Capital Structure

Foreign Shareholding Ratio	30% or more
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[Status of Major Shareholders]

	N a m e	Number of shares held	Sharehol ding ratio (%)
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The Master Trust Bank of Japan (Holder in Trust)	24,556,800	16.16
Custody Bank of Japan, Ltd. (Holder in Trust)	8,224,950	5.41
STATE STREET BANK AND TRUST COMPANY 505001 (standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	4,347,514	2.86
Custody Bank of Japan, Ltd. as trustee for Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd.	3,218,500	2.11
BNYM AS AGT/CLTS NON TREATY JASDEC (standing proxy: MUFG Bank, Ltd.)	3,080,842	2.02
IHI Suppliers Stock Ownership Association	2,787,600	1.83
The Dai-ichi Life Insurance Company, Limited	2,703,070	1.77
IHI Employee Stock Ownership Association	2,527,303	1.66
MSIP CLIENT SECURITIES	2,495,206	1.64
Sumitomo Life Insurance Company	2,284,870	1.50

Controlling shareholder (except for parent company)	-----
Parent company	Not adopted

Supplementary Explanations

- In the Change Report pertaining to Report of Possession of Large Volume provided by Goldman Sachs Japan Co., Ltd. for public viewing on April 22, 2024, certain shareholdings are respectively attributed to Goldman Sachs Japan Co., Ltd. and its seven joint holders as of April 15, 2024. However, since the Company is unable to confirm the actual number of shares held as of March 31, 2025, they are not included in major shareholders above.
- In the Change Report pertaining to Report of Possession of Large Volume provided by Sumitomo Mitsui Trust Bank for public viewing on March 6, 2025, certain shareholdings are respectively attributed to Sumitomo Mitsui Trust Bank, Limited and its two joint holders as of February 28, 2025. However, since the Company is unable to confirm the actual number of shares held as of March 31, 2025, they are not included in major shareholders above.
- In the Change Report pertaining to Report of Possession of Large Volume provided by JPMorgan Securities Japan Co., Ltd. for public viewing on March 19, 2025, certain shareholdings are respectively attributed to JPMorgan Securities Japan, Co., Ltd. and its six joint holders as of March 14, 2025. However, since the Company is unable to confirm the actual number of shares held as of March 31, 2025, they are not included in major shareholders above.
- In the Change Report pertaining to Report of Possession of Large Volume provided by Nomura Securities Co., Ltd. for public viewing on March 21, 2025, certain shareholdings are respectively attributed to Nomura Securities Co., Ltd. and its two joint holders as of March 14, 2025. However, since the Company is unable to confirm the actual number of shares held as of March 31, 2025, they are not included in major shareholders above.
- In the Report of Possession of Large Volume provided by Nagashima Ohno & Tsunematsu for public viewing on April 4, 2025, certain shareholdings are attributed to Marathon Asset Management Limited as of March 31, 2025. However, since the Company is unable to confirm the actual number of shares held as of March 31, 2025, they are not included in major shareholders above.
- The Company holds 2,769,482 treasury shares; however, it is excluded from major shareholders listed above.

3. Corporate Attributes

Listed Stock Market and Market Section	Prime Market of Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Machinery
Number of Employees (Consolidated) as of the End of the Previous Fiscal Year	1,000 or more

Net Sales (Consolidated Basis) for the Previous Fiscal Year	1 trillion yen (¥) or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

5. Special Circumstances Which May Have Material Impact on Corporate Governance

There are no special interests between Ms. Yumiko Waseda and the Company.

II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

1. Organizational Composition and Operation

Organization form	Company with Audit & Supervisory Board
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[Directors]

Maximum number of directors stipulated in Articles of Incorporation	15
Term of office stipulated in Articles of Incorporation	1 year
Chair of the Board	Chairman of the Board (excluding the case where the person concurrently serves as President)
Appointment of independent directors	12
Appointment of independent directors	Appointed
Number of independent directors	6
Number of independent directors designated from among outside directors	6

Outside Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*										
		a	b	c	d	e	f	g	h	i	j	k
Yoshiyuki Nakanishi	From another company								△			
Chieko Matsuda	Scholar											
Minoru Usui	From another company								△			
Toshihiro Uchiyama	From another company								△			
Yayoi Tanaka	From another company								○			
Kenichiro Yoshida	From another company											

* Categories for "Relationship with the Company"

* "○" when the audit & supervisory board member presently falls or has recently fallen under the category; "△" when the audit & supervisory board member fell under the category in the past

* "●" when a close relative of the audit & supervisory board member presently falls or has recently fallen under the category; "▲" when a close relative of the audit & supervisory board member fell under the category in the past

a Executive (meaning a person who executes business; hereinafter, the same) of the Company or its subsidiaries

b Executive or non-executive director of a parent company of the Company

c Executive of a fellow subsidiary of the Company

d A party whose major client or supplier is the Company or an executive thereof

e Major client or supplier of the Company or an executive thereof

f Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/audit & supervisory board member

g Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

h Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the director himself/herself only)

j Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k Other

Relationship with the Company (2)

Name	Designation as independent director	Supplementary explanation of the relationship	Reasons for appointment
Yoshiyuki Nakanishi	○	<p>Mr. Yoshiyuki Nakanishi served as President and CEO of DIC Corporation until December 2017, after which he continued to serve as Executive Advisor of the said company until March 2023.</p> <p>The IHI Group has business relationships involving the maintenance and sale of industrial machinery, etc., with DIC Corporation, where Mr. Yoshiyuki Nakanishi previously served as a business executive. However, the transaction amount that business relationship generates is less than 0.1% of the Company's consolidated revenue (for the most recent fiscal year), which is immaterial. Therefore, this has no impact on his independence.</p>	<p>Mr. Yoshiyuki Nakanishi, following experiences in sales of products and services of a global chemical manufacturer and involvement in operations of its key business, has gained abundant experience, accomplishments, and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to have him reflect these qualities in the management of the Company and carry out management monitoring and supervisory functions from an independent perspective, the Company has appointed him as an independent director.</p>
Chieko Matsuda	○	<p>There are no special interests between Ms. Yumiko Waseda and the Company.</p>	<p>Ms. Chieko Matsuda has extensive experience and insight gained through financial and capital market operations and management consulting operations and an extremely high level of expertise in corporate and financial strategies as a researcher. In addition, she has broad insight as an outside officer of several companies. Aiming to have her reflect these qualities in the management of the Company and carry out management monitoring and supervisory functions from an independent perspective, the Company has appointed her as an independent director.</p>
Minoru Usui	○	<p>Mr. Minoru Usui served as President and Representative Director of Seiko Epson Corporation until March 2020, after which he has been serving as Executive Advisor of the said company until June 2025.</p> <p>The IHI Group has business relationships involving the maintenance and sale of power generation equipment, etc., with Seiko Epson Corporation, where Mr. Yoshiyuki Nakanishi previously served as a business executive. However, the transaction amount that business relationship generates is less than 0.1% of the Company's consolidated revenue (for the most recent fiscal year), which is immaterial. Therefore, this has no impact on his independence.</p>	<p>Mr. Minoru Usui, after being in charge of technology development in an electronic equipment manufacturer that operates business globally, has gained abundant experience, accomplishments, and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to have him reflect these qualities in the management of the Company and carry out management monitoring and supervisory functions from an independent perspective, the Company has appointed him as an independent director.</p>
Toshihiro Uchiyama	○	<p>Mr. Toshihiro Uchiyama served as Director; Representative President and CEO of NSK Ltd. until March 2021, after which he has been serving as Counselor of the said company.</p> <p>The IHI Group has business relationships involving the maintenance of industrial machinery, purchase of aircraft components, etc., with NSK Ltd., where Mr. Toshihiro Uchiyama previously served as an executive. However, the transaction amount that business relationship generates is less than 0.1% of the Company's consolidated revenue and less than 0.3% of consolidated net sales of NSK Ltd. (in the most recent fiscal year), which is immaterial. Therefore, this has no impact on his independence.</p>	<p>Mr. Toshihiro Uchiyama, after working on sales of products and services, production reforms in its overseas affiliated company, and other initiatives in an electronic equipment manufacturer that operates business globally, has gained abundant experience and extensive insight into overall corporate management at the helm of the manufacturer, where he implemented various measures to respond to changes in the business environment. Aiming to have him reflect these qualities in the management of the Company and carry out management monitoring and supervisory functions from an independent perspective, the Company has appointed him as an independent director.</p>
Yayoi Tanaka	○	<p>From April to June 2025, Ms. Yayoi Tanaka received a monthly remuneration of ¥1.2 million as an advisor to the Company. This amount is minimal compared with the thresholds set under the Company's "Independence Criteria for Independent Directors." Therefore, this has no impact on her independence.</p>	<p>Ms. Yayoi Tanaka has been engaged in the evaluation and research of non-profit organizations. She also has broad perspectives and knowledge through her past experience on various governmental committees and as President of the Board of Audit of Japan. Aiming to have her reflect these qualities in the management of the Company and carry out management monitoring and supervisory functions from an independent perspective, the Company has appointed her as an independent director.</p>

Kenichiro Yoshida	○	There are no special interests between Ms. Yumiko Waseda and the Company.	Mr. Kenichiro Yoshida has been engaged in industrial research and the management analysis of individual companies at securities companies and asset management companies in Japan and overseas. He also has a wealth of expertise and experience in the capital markets through the management of an investment fund. Additionally, he has experience as a corporate manager, having managed venture companies. Aiming to have him reflect these qualities in the management of the Company and carry out management monitoring and supervisory functions from an independent perspective, the Company has appointed him as an independent director.
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Voluntary establishment of committee(s) equivalent to Nominating Committee or Compensation Committee

Yes

Committee's Name, Composition, and Chair's Attributes

Updated

	Committee's name	All committee members	Full-time members	Inside directors	Independent directors	Independent experts	Others	Chair
Committee equivalent to Nominating Committee	Nomination Advisory Committee	7	0	1	6	0	0	Independent director
Committee equivalent to Compensation Committee	Remuneration Advisory Committee	6	0	2	3	0	1	Independent director

Supplementary Explanations

Updated

The Board of Directors' meeting was held 18 times during fiscal 2024, with 12 monthly meetings and 6 extraordinary meetings. Attendance of each officer (after assumption) were as follows:

[Directors]

Tsugio Mitsuoka	18 out of 18 (100%)
Hiroshi Ide	18 out of 18 (100%)
Tsuyoshi Tsuchida	18 out of 18 (100%)
Hideo Morita	18 out of 18 (100%)
Seo Akihiro	18 out of 18 (100%)
Jun Kobayashi	18 out of 18 (100%)
Yasuaki Fukumoto	18 out of 18 (100%)
Noriko Morioka	14 out of 14 (100%)
Yoshiyuki Nakanishi	18 out of 18 (100%)
Chieko Matsuda	18 out of 18 (100%)
Minoru Usui	18 out of 18 (100%)
Toshihiro Uchiyama	18 out of 18 (100%)

[Audit & Supervisory Board Members]

Seiji Maruyama	18 out of 18 (100%)
Tae Hozoji	14 out of 14 (100%)
Aiko Sekine	17 out of 18 (94%)
Yumiko Waseda	18 out of 18 (100%)
Kazuhiro Muto	18 out of 18 (100%)

The details of Nomination Advisory Committee are noted in item (4) of [Principle 3.1 Full Disclosure] under "[Disclosure Based on the Principles of Japan's Corporate Governance Code]" within "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information." Organization and activities of committee meetings are as follows:

<Member of Nomination Advisory Committee> (from June 23, 2022 to June 24, 2025)

Chairman: Hiroshi Ide, President, Representative Director

Member: Yoshiyuki Nakanishi, Independent Director

Member: Chieko Matsuda, Independent Director

Member: Akihiro Seo, Director

Member: Yasuaki Fukumoto, Director

<Number of Nomination Advisory Committee meetings held> (fiscal 2024) - 4 times

<Attendance of Nomination Advisory Committee members> (fiscal 2024) - All members attended every meeting; no absences.

<Discussion Points> (fiscal 2024)

The committee deliberated on executive personnel matters, successor training plans, and other matters.

Regarding the Nomination Advisory Committee, please refer to item (3) in the section of this report entitled [Principle 3.1 Full Disclosure] under [Disclosure Based on the Principles of Japan's Corporate Governance Code] in "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information." Organization and activities of committee meetings

are as follows:

<Member of Remuneration Advisory Committee> (from June 23, 2023 to June 24, 2025)

Chairman: Yoshiyuki Nakanishi, Independent Director

Member: Akihiro Seo, Director

Member: Yasuaki Fukumoto, Director

Member: Minoru Usui, Independent Director

Member: Toshihiro Uchiyama, Independent Director

Member: Kazuhiro Muto, Independent audit & supervisory board member

<Number of Remuneration Advisory Committee meetings held> (fiscal 2024) - 7 times

<Attendance of Remuneration Advisory Committee members> (fiscal 2024) - All members attended every meeting; no absences.

<Discussion Points> (fiscal 2024)

The committee deliberated on the policy and details of remuneration to be received by directors and executive officers.

[Audit & Supervisory Board Members]

Establishment of Audit & Supervisory Board	Established
Maximum number of audit & supervisory board members stipulated in Articles of Incorporation	5
Number of audit & supervisory board members	5

Cooperation among Audit & Supervisory Board Members, Accounting Auditor and Internal Audit Departments

Audit & supervisory board members work closely with the accounting auditor, regularly exchanging information and opinions with them, and receiving reports on the results of audits.

Audit & supervisory board members also receive reports on the implementation of internal audits from the internal audit departments as necessary, and exchange information with those departments.

Appointment of independent audit & supervisory board members	Appointed
Number of independent audit & supervisory board members	3
Number of independent audit & supervisory board members designated from among outside audit & supervisory board members	3

Independent Audit & Supervisory Board Members' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Aiko Sekine	Certified Public Accountant													
Yumiko Waseda	Attorney-at-Law													
Kazuhiro Muto	From another company										○			

* Categories for “Relationship with the Company”

* “○” when the audit & supervisory board member presently falls or has recently fallen under the category; “△” when the audit & supervisory board member fell under the category in the past

* “●” when a close relative of the audit & supervisory board member presently falls or has recently fallen under the category; “▲” when a close relative of the audit & supervisory board member fell under the category in the past

a Executive (meaning a person who executes business; hereinafter, the same) of the Company or its subsidiaries

b Non-executive director or accounting advisor of the Company or its subsidiaries

c Executive or non-executive director of a parent company of the Company

d Audit & supervisory board member of a parent company of the Company

e Executive of a fellow subsidiary of the Company

f A party whose major client or supplier is the Company or an executive thereof

g Major client or supplier of the Company or an executive thereof

h Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides remuneration as a director/audit & supervisory board member

i Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a corporation)

j Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)

k Executive of a company, between which and the Company outside directors/audit & supervisory board members are mutually appointed (the director himself/herself only)

l Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

m Other

Relationship with the Company (2)

Name	Designation as independent director	Supplementary explanation of the relationship	Reasons for appointment
Aiko Sekine	○	There are no special interests between Ms. Yumiko Waseda and the Company.	Ms. Aiko Sekine has accumulated abundant experience and insight as a partner of an audit corporation, and Chairman and President of JICPA, as well as abundant experience as an outside officer. Expecting such experience and insight to be reflected in the management auditing of the Company from an independent perspective, the Company has appointed her as an independent audit & supervisory board member.
Yumiko Waseda	○	There are no special interests between Ms. Yumiko Waseda and the Company.	Ms. Yumiko Waseda has abundant experience and insight as an attorney-at-law, with an extremely high level of expertise in intellectual property law, as well as extensive experience as an independent audit & supervisory board member. Expecting these qualities and her independent perspective to be reflected in the management auditing operations of the Company, the Company has appointed her as an independent audit & supervisory board member.
Kazuhiro Muto	○	<p>Mr. Kazuhiro Muto served as Senior Managing Executive Officer of IBM Japan, Ltd. until December 2022, after which he served as Advisor of the said company until July 2023. Furthermore, he has been serving as Executive Operating Officer of Oracle Corporation Japan since March 2024.</p> <p>The IHI Group has business relationships involving system development support, etc., with IBM Japan, Ltd. where Mr. Kazuhiro Muto previously served as a business executive. However, the transaction amount that business relationship generates is less than 0.1% of the Company's consolidated revenue and less than 0.1% of IBM Japan Ltd.'s revenue (for the most recent fiscal year), which is immaterial. Therefore, this has no impact on his independence.</p> <p>The IHI Group has business relationships including system maintenance, etc., with Oracle Corporation Japan where Mr. Kazuhiro Muto serves as a business executive. However, the transaction amount that the business relationship generates is less than 0.1% of Oracle Corporation's revenue (for the most recent fiscal year), which is immaterial. Therefore, this has no impact on his independence.</p>	Mr. Kazuhiro Muto has gained abundant experience, accomplishments, and extensive insight into overall corporate management as an executive of a Japanese subsidiary of a globally active IT company, where he implemented various measures to respond to changes in the business environment including overseas business. Aiming to reflect these qualities in the management of the Company and expecting he can carry out management monitoring and supervisory functions from an independent perspective, the Company has appointed him as an independent audit & supervisory board member.

[Independent Directors/Independent Audit & Supervisory Board Members]

Number of independent directors/independent audit & supervisory board members

9

The Company designates all outside directors and outside audit & supervisory board members qualified to be independent directors and independent audit & supervisory board members as such.

[Incentives]

Implementation of measures to provide incentives to directors

Performance-based remuneration and Restricted share remuneration plan

Supplementary Explanation

The Company's policy for determining the remuneration, etc., of officers is noted in item (3) of [Principle 3.1 Full Disclosure] under "[Disclosure Based on the Principles of Japan's Corporate Governance Code]" within

"I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information."

At the 200th Ordinary General Meeting of Shareholders held on June 23, 2017, a resolution was passed to abolish a share-based compensation-type stock option plan and adopt a performance-based share remuneration plan for directors (excluding independent directors).

At the 208th Ordinary General Meeting of Shareholders held on June 25, 2025, a resolution was passed to adopt a restricted share remuneration plan for directors (excluding independent directors).

Recipients of stock options

Supplementary Explanation

[Director Remuneration]

Disclosure of individual directors' remuneration

Selected directors

Supplementary Explanation

The total amount of remuneration, etc., paid to directors and audit & supervisory board members and the number of recipients for the fiscal year ended March 31, 2025 are as follows:

- 9 directors (excluding independent directors) were paid a total of ¥1,106 million (comprising a base amount of ¥468 million, performance-based bonuses of ¥374 million and performance-based share remuneration of ¥264 million).
- 4 independent directors were paid a base amount of ¥57 million.
- 3 audit & supervisory board members (excluding independent audit & supervisory board members) were paid a base amount of ¥72 million.
- 3 independent audit & supervisory board members were paid a base amount of ¥43 million.

(Notes) 1. Remuneration of directors does not include salaries as employees paid to directors who are also employees.

2. In light of a series of misconduct at the Company's subsidiaries during the fiscal year under review, two of the inside directors, Director and Chairman of the Board Tsugio MITSUOKA and Representative Director and President Hiroshi IDE, have returned part of the base amount.

3. The Company has introduced a performance-linked share remuneration plan, which grants shares, etc., to corporate officers after a certain period of time has elapsed. The total amount of performance-linked share remuneration is the amount of the provision for share acquisition costs related to the granted points recorded in the fiscal year under review, which is different from the actual total payment amount.

4. The number of directors as of March 31, 2025 is 12 (including 4 outside directors) and the number of audit & supervisory board members is 5 (including 3 outside audit & supervisory board members). The reason for the discrepancy from the above is that figures in the chart include 1 director and 1 audit & supervisory board member who retired at the conclusion of the 207th Ordinary General Meeting of Shareholders held on June 26, 2024.

The remuneration of certain directors is disclosed on an individual basis in the Annual Securities Report.

Policy on determining remuneration amounts and

Yes

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods

The disclosure regarding the policy on determining remuneration amounts and calculation methods is provided in [Principle 3.1 Full Disclosure] (3) Remuneration, etc., of Directors and Audit & Supervisory Board Members.

[Supporting System for Independent Directors and/or Independent Audit & Supervisory Board Members]

The Administration Division assists independent directors in performing their duties, for example by providing explanations in advance of agenda items for Board of Directors meetings. Independent audit & supervisory board members are assisted in performing their duties by an Audit & Supervisory Board Division staffed by the Company's employees, while the standing audit & supervisory board members provide independent audit & supervisory board members with reports on the day-to-day status of audits and share information.

[Status of Persons Who Have Retired from a Position Such as Representative Director and President]

Retired Representative Director and Presidents, etc., Holding Advisory or Any Other Position in the Company

Name	Title/Position	Responsibilities	Working Form and Conditions (Full-time/Part-time, Paid/Unpaid, etc.)	Date of Retirement from Position Such as President	Term in Office
Toshifumi Takei	Honorary Advisor	Engaged in outside activities in business community.	Part-time / Unpaid	6/28/2001	----
Mototsugu Ito	Honorary Advisor	Engaged in outside activities in business community.	Part-time / Unpaid	12/31/2007	----
Kazuaki Kama	Honorary Advisor	[Major activities outside the Company] • Chairman of the Japan Society for the Promotion of Machine Industry	Part-time / Unpaid	3/31/2016	----
Tamotsu Saito	Special Advisor	[Major activities outside the Company] • Vice President, The Tokyo Chamber of Commerce and Industry • President, The Japan Techno-Economics Society • Chairman, Fukushima Innovation Coast Framework Promotion Organization • Chairman, New Energy and Industrial Technology Development Organization • President, Japan Federation of Economic Organizations • President, Tokyo Federation of Corporate Associations • Chairperson, Tokyo Federation of Corporate Associations Specific Retirement Allowance Mutual Aid Association	Part-time / Paid	03/31/2020	2028

Total Number of Retired Representative Director and Presidents, etc., Holding Advisory or Any Other Position in the Company

4

Other Matters

- A term of office has been established for Senior Counselor.
- Senior Counselor may assume the office of Special Advisor after the expiry of the term of office. Similar to the Senior Counselor, the term of office has been established.
- The Honorary Advisor, Special Advisor and Senior Counselor are not at all involved in the Company's execution of business or decision-making; however, they do offer opinions at the request of the management.
- The appointments of Honorary Advisor, Special Advisor and Senior Counselor are decided by resolution at the Board of Directors meeting.

2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration Decisions (Overview of Current Corporate Governance System) Updated

The Company's corporate governance system is shown in the attached chart entitled Corporate Governance Management Structure, the key details of which are as follows.

1. Overview of Corporate Governance System

The Company has an Audit & Supervisory Board, which comprises 5 audit & supervisory board members (3 from outside) who audit the duties executed by directors.

The Board of Directors, which consists of 12 directors (6 from outside), makes decisions related to all important matters concerning the management of the Company and the Group, in addition to supervising directors in their business execution. The independent directors, who are appointed from among individuals with extensive experience and broad insight gained at the helms of management, or with a high degree of specialist knowledge and diverse experience, participate in the Board of Directors' decision-making process, offer advice and make recommendations independently of managers who have been delegated the authority to handle day-to-day operations.

The Company established the Remuneration Advisory Committee and the Nomination Advisory Committee as the optional committees. The details of these Committees are noted in items (3) and (4) of [Principle 3.1 Full Disclosure] and [Supplementary Principle 4.10.1] under "[Disclosure Based on the Principles of Japan's Corporate Governance Code]" within "I. Basic Views on Corporate Governance, Capital Structure, Corporate Attributes and Other Basic Information."

The Company has an executive officer system to strengthen the decision-making and supervisory functions of the Board of Directors, as well as to improve the efficiency of business operations. Appointed by resolution of the Board of Directors, there are 22 executive officers, 5 of whom concurrently serve as directors. The Chief Executive Officer manages the duties of the executive officers, giving directions and supervision. The executive officers follow the Chief Executive Officer's directions to execute their assigned duties.

The Management Committee, which consists of members appointed by the CEO, supports the CEO's decision-making and business execution.

The Management Committee was held for 40 times during fiscal 2024.

The Company has set up the ESG Management Promotion Committee and the Risk Management Conference, both of which are chaired by the CEO himself. 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 a year) oversees the Company's risk management and discusses and approves important matters related to overall risk management.

2. Internal and Audit & Supervisory Board Member Audits

The Internal Audit Division (29 members) shall be established as an internal audit department that reports directly to the President. The body internally audits all business divisions of the Company and its subsidiaries and affiliates on a planned basis, and along with the monitoring and guidance of the business divisions by the headquarters' divisions and the internal audits conducted by the internal audit departments of subsidiaries and affiliates, strives to enhance internal control functions of its entire group.

The Internal Audit Division provides reports on the annual audit plan, results, and progress to the Board of Directors and the Audit & Supervisory Board, and works closely with audit & supervisory board members and the accounting auditor through regular meetings, exchanging information and opinions with them. Audit & Supervisory Board members, in accordance with policies formulated by the Audit & Supervisory Board, attend Board of Directors meetings and other important meetings. They also audit the execution of duties by directors through reviews of reports received from the directors and employees, and they investigate the Company operations and finances. The Audit & Supervisory Board Division (4 full-time members) assists the audit & supervisory board members in the performance of their duties.

Audit & Supervisory Board members receive reports on the implementation and results of audits from the accounting auditor and the internal audit departments. Also, the two sides hold regular meetings, exchanging information and opinions with each other.

3. Status of Accounting Audit

The Company commissions its accounting audit to Ernst & Young ShinNihon LLC. The names of the certified public accountants belonging to Ernst & Young ShinNihon LLC who executed the accounting audit of the Company, organization of assistants for the audit, and the consecutive number of years they have audited the Company, are shown below.

Yoshiyuki Sakuma (5 years)

Kenji Kinoshita (2 years)

Kazuki Watanabe (1 year)

Organization of Assistants for the Audit: Certified public accountants: 29

Others: 51

3. Reasons for Adoption of Current Corporate Governance System

The Company adopted the corporate governance management structure described in the preceding section because it believes the current system has the functions that enable adequate fulfillment of the auditing and overseeing of every aspect of corporate management while also ensuring management efficiency.

III Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Meetings of Shareholders and Smooth Exercise of Voting Rights

	Supplementary Explanations
Implementation of electronic exercise of voting rights	The Company offers general investors the option of exercising their voting rights via the website of the administrator of shareholders' register.
Participation in electronic voting platform	The Company offers institutional investors the option of exercising their voting rights via the Tokyo Stock Exchange's platform.
Providing notice of convocation in English	The Company prepares and distributes a full English-language version of the convocation notice.

Other	The Company strives to offer information as early as possible by posting details of the agenda items on its website before sending out the convocation notice.
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2. IR Activities Updated

	Supplementary Explanations	Explanation Given by Representative
Regular investor briefings for analysts and institutional investors	The Company holds a telephone conference for the financial results for the first and third quarters and a presentation meeting for the financial results for the second quarter and fiscal year.	Yes
Regular investor briefings for overseas investors	The Company organizes visits to overseas investors.	Yes
Posting of IR materials on website	In addition to financial information, the Company posts its management policies and other management-related information.	
Establishment of division and/or manager in charge of IR	Staff members dedicated to IR are assigned to Finance & Accounting Division.	
Other	The Company organizes individual visits to institutional investors as necessary to explain its business conditions.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Internal regulations, etc., stipulated for respecting the position of stakeholders	Rules are stipulated in the Basic Code of Conduct for the IHI Group.
Implementation of environmental activities, CSR activities, etc.	All domestic production bases have obtained ISO 14001 certification. In addition, the Company formed the ESG Management Promotion Committee chaired by CEO, the Environment Committee, the Compliance Committee and other company-wide committees to take action, and their activities are reported in the Sustainability Data Book and the Integrated Report.
Formulation of policies on information provision to stakeholders	Based on the Basic Code of Conduct for the IHI Group, the Company has set out its basic policy regarding information provision in its Regulations on Disclosure of Information, while specific procedures are set out in the Procedures Relating to Disclosure of Information.
Other	For more information on the Company's initiatives to promote diversity, please refer to the [Supplementary Principle 2.4.1] and the "Diversity, Equity, and Inclusion" in IHI Sustainability Data Book, available on the Company's website. (https://www.ihi.co.jp/csr/download02/index.html)

IV. Matters Related to the Internal Control System

1. Basic Views on Internal Control System and the Progress of System Development Updated

To enhance the efficacy of the IHI Group's corporate governance, thereby contributing to enhanced corporate value, the Company set out a basic policy for related systems prescribed in the Companies Act. The Companies Act prescribes systems to ensure that the performance of duties by directors complies with the laws and regulations and the articles of incorporation as well as other systems necessary to ensure the properness of operations of a stock company and operations of corporate group consisting of the stock company and its subsidiaries. Specific details of these systems are as follows.

1. System for ensuring compliance of performance of duties by directors and employees with laws and regulations and articles of incorporation
Directors of the Company shall establish rules to ensure that the performance of their duties is compliant with laws and regulations and articles of incorporation, and directors and employees shall observe such rules.
Directors of the Company shall establish systems to ensure the appropriateness of operation activities throughout the Company, at each department, and at each subsidiary and affiliate company, and to audit such activities are properly pursued.

(1) Preparation of rules and regulations

Directors shall prepare group-wide, company-wide and departmental rules and procedures such as the "Basic Code of Conduct for the IHI Group" that all directors and employees of the Company must follow to perform their duties. Departments in charge of each operation must be specified clearly in each rule and regulation. A mechanism to update such rules and regulations in the event of amendment of applicable laws and regulations shall also be defined.

(2) Compliance activities

With respect to compliance activities, the "Compliance Committee" chaired by an officer in charge of compliance for the entire Company shall establish a

company-wide compliance policy. The company-wide policy shall be applied to the plan for each department, and each department shall create its own rules and activity plans. In addition to the company-wide training organized and administered by the Legal Division, training for each level (such as managerial staff, mid-level staff, and new employees) and training for each competency (such as human resources, finance, and procurement) shall be conducted to ensure compliance by all employees.

(3) System to ensure and correct activities

An internal audit mechanism shall be created to monitor, inspect, and assess operation activities at each department to ensure the appropriateness of such activities. "Internal Audit Division" shall be established as an internal audit department that is a department independent of all other departments. The Internal Audit Division shall report the results of audits to the Board of Directors as needed. A "Compliance Hotline" shall be established as an internal reporting system, and separately from the organizational hierarchy, an external contact point shall be provided to ensure a self-correcting function and prevent compliance violations before they occur.

2. System for storing and managing information

Directors of the Company shall preserve information related to directors' exercise of their duties as a written document or in an electromagnetic form. Directors shall establish a basic policy for storing and managing documents and electromagnetic records, and shall manage information thereof. Amendment of such basic policy shall be subject to approval of the Board of Directors.

3. System for managing risks

Directors of the Company shall continuously assess, identify, and monitor business risks at each division of IHI group companies. Directors shall recognize the importance of assessing, identifying, and monitoring any of the following risks as various risks relevant to the execution of business of IHI group companies, and shall establish an appropriate system to manage such risks as well as a system to apply and evaluate it.

(1) Contracts/agreements

Operational risks relating to contracts/agreements such as competition, alliance/M&A with other companies, business integration, overseas operations, material procurement, and debt guarantee.

(2) Design, manufacturing, and technologies

Risks that manufacturing sites, quality assurance, technology agreements, and research and development perform below expectations.

(3) Laws and regulations

Risks of losses or loss of credibility due to violation of law.

(4) Information systems

Risks of leakage, theft, and loss of information assets, and damage thereto.

(5) Safety, health, and environment

Risks of problems with health and safety assurance and environmental conservation at offices and construction sites.

(6) Disaster and system failure

Risks of interruption of business activities due to disaster, accidents, and information system failures.

(7) Financial activities

Risks regarding financial activities such as exchange rate and interest rate trends.

(8) Financial reporting

Risks of fictitious financial reporting (whether due to fraud or negligence).

Directors of the Company shall continuously assess, identify, and monitor business risks at each division of IHI group companies and promptly appoint personnel to deal with risks in the event new risks arise, and shall report to the Board of Directors of the Company regarding such risks that may affect IHI group performance, financial condition, and share price.

4. System for ensuring that directors exercise their duties efficiently

Directors of the Company shall clearly separate the function of management supervision from that of performance to ensure efficient performance of duties and shall delegate most authorities to perform duties to executive officers for efficiency. To make appropriate decisions through multi-dimensional considerations, the Chief Executive Officer shall organize the Management Committee as an advisory body to discuss important matters of IHI group companies. Directors shall prepare profit plans including target profitability of each Business Area / SBU at the beginning of every financial period, verify the respective results each month, and perform management of the execution status of duties.

5. System for ensuring properness of operations within the corporate group

Directors of the Company shall establish a system to ensure governance that is accountable for the entire scope of the IHI Group's business operations including those of the group companies by setting rules to manage group companies and appointing responsible departments to manage, control, and direct such companies. As for group company matters with high levels of importance, directors shall submit/report to the Board of Directors and the Management Committee of the Company. Directors of the Company shall monitor the business conditions of group companies on a routine basis by deploying part-time audit & supervisory board members to group companies or assigning other employees in charge of such operations for the respective company. If necessary, responsible department or related department shall provide support to secure the appropriateness of business operations. Directors also assign members within the Corporate Planning Division to create and develop a group-wide management mechanism and to supervise overall group company businesses.

6. Employees to assist audit & supervisory board members

Audit & supervisory board members of the Company shall establish an Audit & Supervisory Board Division to assist them in the performance of their duties. The Audit & Supervisory Board Division shall consist of several employees, including managerial staff, of the Company, and personnel matters regarding such employees shall be decided based on mutual consultation between audit & supervisory board members and related directors. The Audit & Supervisory Board Division employees shall follow the instructions of the audit & supervisory board members, and directors shall pay attention to maintaining independence of the Audit & Supervisory Board Division employees from the persons who execute business and to ensuring the effectiveness of instructions by the audit & supervisory board members to the Audit & Supervisory Board Division employees.

7. Audit by audit & supervisory board members

Audit & supervisory board members of the Company, in accordance with the audit policies defined at the Audit & Supervisory Board, shall attend important meetings including Board of Directors meetings and Management Committee meetings, and audit the performance of duties by directors through interviews with directors, reviews of documents related to important resolutions, and investigations of operations and financial situations of each department and major subsidiaries. The Company shall bear any expenses required for the performance of duties by audit & supervisory board members.

8. System related to reporting to audit & supervisory board members

Directors and employees of the Company shall, without delay, report to audit & supervisory board members and the Audit & Supervisory Board on matters

provided for in laws and regulations, results of internal audits, results of internal reporting system, and other important matters that have an impact on the IHI Group. No individual shall be treated unfavorably for making such a report.

2. Basic Views on Eliminating Anti-Social Forces and the Progress of System Development

1. Basic views on eliminating anti-social forces

Anti-social forces are groups that threaten the order and safety of society, and the Company believes that it must work in unison with local governments, citizens and others to confront such groups resolutely.

2. Progress of system development for eliminating anti-social forces

The Company made provision for eliminating anti-social forces by formulating its Declaration on Eliminating Organized Crime Groups and Other Anti-Social Forces based on the Basic Code of Conduct for the IHI Group, which was notified to all employees. The Company's ongoing measures for dealing with anti-social forces are as follows:

(1) Anti-social forces response division and person responsible for handling unreasonable demands

The Company is tackling anti-social forces, having appointed an employee in charge of the issue in the Administration Division.

(2) Links with external specialist organizations

The Company is a participating member of the Council for the Prevention of Specific Violations and it exchanges information with the Metropolitan Citizens' Center for Promoting Banishment of Organized Crime Groups and the Federation for the Prevention of Specific Violations of the Metropolitan Police Department.

(3) Collection and management of information relating to anti-social forces

The Company participates in meetings held by the above entities and gathers relevant materials continually, collecting information by obtaining these entities' periodicals.

(4) Preparation of response manual

The Administration Division, which is the Company's anti-social forces response division, has prepared and updated a response manual.

(5) Status of provision of training

The Company conducts regular training sessions for the Company itself and for the Group as a whole.

V Others

1. Implementation of a Policy on Handling Acquisitions

Implementation of a policy on handling acquisitions

Not adopted

Supplementary Explanation

The Company is aware of the risk to its management posed by the possibility of a so-called hostile buyer acquiring a large number of its shares, and it pursues countermeasures including efforts to enhance corporate value, but at the present time the Company has not given specific consideration to adopting anti-takeover measures.

2. Other Matters Concerning Corporate Governance System

The attached chart entitled Information Disclosure System shows the Company's system for timely disclosure, the key details of which are as follows.

1. Basic policy

The Company is well aware that timely, appropriate disclosure of corporate information to investors forms the foundation of a sound financial instruments market. Based on the basic principle of promoting highly transparent management throughout the Company, the Company is committed to disclosing important information relating to its management or operations to participants in capital markets promptly, accurately, continuously, and fairly, always from the investor's perspective, and to fulfilling its accountability in good faith with respect to management direction and key business operations.

2. Internal systems

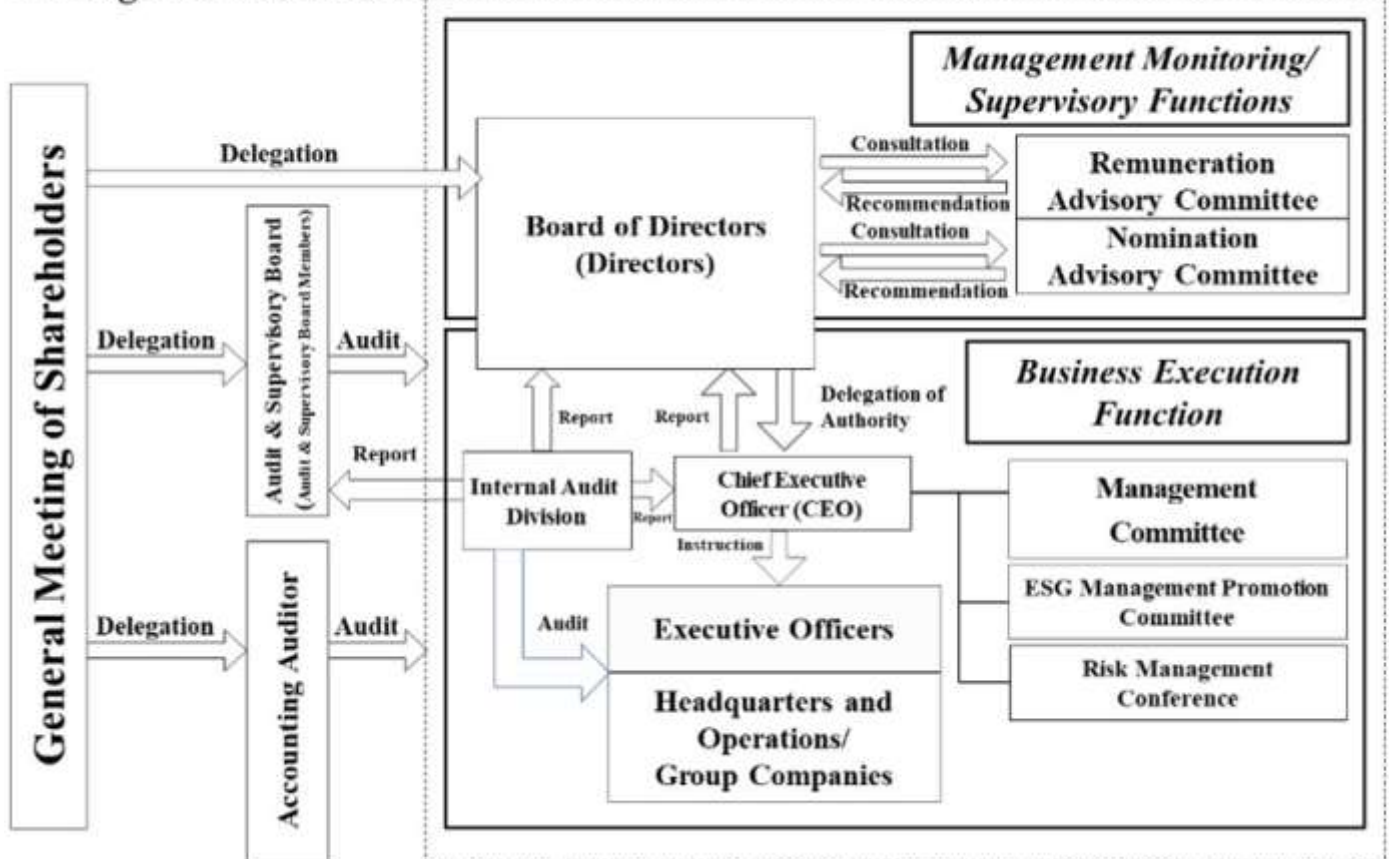
(1) System for managing information requiring timely disclosure

The Company appoints information management supervisors as the individuals responsible for the overall management of information requiring timely disclosure in each department. The position is filled by the director or executive officer in charge of each department. The information management supervisors appoint material information managers in order to ensure that material information is always managed appropriately.

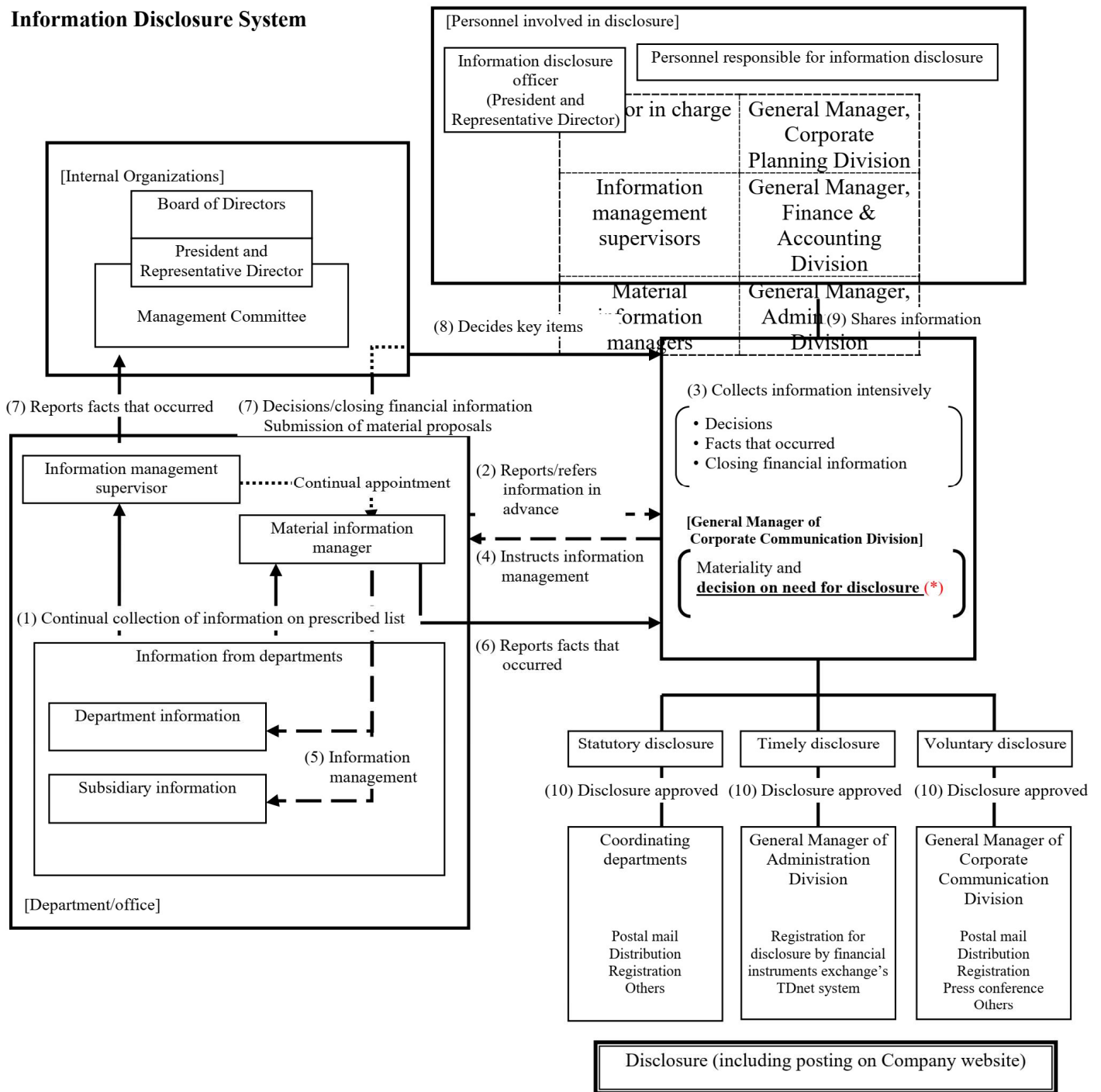
(2) Disclosure system

- a. Through its internal Regulations on Disclosure of Information, the Company makes all employees aware of the types of information that could require timely disclosure, and information management supervisors and material information managers continually collect such information (including information relating to subsidiaries) within each department.
- b. The information collected within each department is submitted or reported to the Management Committee and the Board of Directors as necessary, according to the standards for submission of proposals set out in the rules for the Management Committee and the Board of Directors.
- c. Decisions resolved or decided by the Management Committee or the Board of Directors, closing financial information, and material facts that occurred as a result of external factors are all collected intensively by the General Manager of Corporate Communication Division, who decides whether timely disclosure is necessary or not.
- d. When information requiring timely disclosure is decided upon or occurs, the General Manager of Corporate Communication Division consults with the relevant department to set a specific timing for disclosure, and promptly initiates the procedure for disclosure. In addition, the General Manager of Corporate Communication Division instructs the information management supervisor and material information manager responsible for the information in question to manage the information appropriately.
- e. The President serves as the Company's information disclosure officer, and in principle, timely disclosure of information is conducted by the information disclosure officer, the information management supervisor responsible for the information in question, or the General Manager of Corporate Communication Division. If, however, it appears that within the stock market certain information requiring timely disclosure may have been leaked, or other information has occurred unexpectedly before the time designated for disclosure, the Company takes measures such as disclosing the relevant information without delay, regardless of the designated timing for disclosure.

Corporate Governance Management Structure



Information Disclosure System



Decision on need for disclosure (*)

