

Statement on Modern Slavery Act

Introduction

IHI Corporation ("IHI"), the reporting entity of this statement, and its affiliates (collectively, "the IHI Group") disclose their efforts to address modern slavery risks in the IHI Group and its supply chain for fiscal year 2025 (from April 1, 2025, to March 31, 2026) pursuant to the UK Modern Slavery Act 2015 and the Australian Modern Slavery Act 2018.

1. Organizational Structure, Business, and Supply Chain

(1) Corporate Structure and Business Overview

IHI was established in 1853 in Japan and is currently listed on the Tokyo Stock Exchange with its headquarters located in Koto-ku, Tokyo, Japan. The IHI Group's overseas affiliates include 116 companies, of which 102 are subsidiaries. The IHI Group has 20 business development hubs in Belgium, United Kingdom, Algeria, Italy, Turkey, United Arab Emirates, India, Thailand, Malaysia, Singapore, Vietnam, Indonesia, Hong Kong, Beijing, Shanghai, Taiwan, South Korea, Australia, United States, Brazil.

Pursuant to its latest financial report for the fiscal year 2025, the IHI Group employs 26,224 people and has an annual revenue of approximately 1,643.4 billion yen. The IHI Group offers products and services in the areas of Resources, Energy & Environment, Social Infrastructure, Industrial Systems & General-Purpose Machinery, and Aero Engine, Space & Defense.

(2) Supply Chain

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

In relation to our supply chain, notwithstanding our efforts to increase supply chain transparency, we currently do not possess complete information regarding temporary or seasonal workers or temporary foreign workers hired by some of our first-tier suppliers as well as complete information about some of our second-tier suppliers.

2. Policies on Modern Slavery

(1) Basic Code of Conduct for the IHI Group

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

(2) IHI Group Human Rights Policy

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

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

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

(3) IHI Group Procurement Policy

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

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

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

3. Human Rights Due Diligence Process

(1) Promotion System

The IHI Group deliberates and decides on measures to address human rights risks, including modern slavery risks, on a regular basis through the Human Rights and DE&I Committee, a company-wide committee responsible for the "Social" aspect of ESG management under the ESG Management Promotion Committee. The Committee was convened three times in the fiscal year 2025. The committee deliberates on human rights issues, formulates policies for addressing issues, and promotes activities based on these policies, reporting to the IHI Board of Directors as necessary. A "Human Rights Task Team" has been established under the Human Rights and DE&I Committee, which works in collaboration with related departments and human rights officers at IHI Group companies to promote efforts to respect human rights.

To address forced labour risks, we conduct due diligence and verify the response status of Group companies. We also confirm the response status of suppliers through supply chain management.

(2) Process for Identifying Material Human Rights Issues Including Prohibition of Forced Labour

The IHI Group identifies material human rights issues through the following procedures. We conduct human rights risk assessments to identify potential and actual human rights risks.

Step 1:

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

Step 2:

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

Step 3:

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

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

(3) Internal Review and Approval Process

- Screening and review of business cases

Since fiscal year 2023, the IHI Group has been selecting some business partners as candidates for projects with expected contract amounts above a certain threshold and conducting ESG evaluations. Until fiscal year 2024, evaluations were conducted using the "IHI Group Self-Check Sheet." From fiscal year 2025, we introduced evaluations utilizing the third-party rating agency "EcoVadis." In fiscal year 2025, ESG evaluations were conducted for a total of 130 companies across 20 projects, of which 31 companies were evaluated using "EcoVadis." As a result, risks were identified in 3 companies, and we have requested corrective actions for improvement. We plan to continue the phased transition to evaluations utilizing "EcoVadis."

- Implementation of environmental and human rights assessments in new business investments.

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

4. Risks of Modern Slavery

With the cooperation of external experts, we examined modern slavery risks such as regions and industries with high human rights risks and risks related to foreign workers, with the following results:

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

We used these findings to decide where to focus our supplier reviews, worker interviews, ESG assessments and training activities as described elsewhere in this statement.

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

(1) Promotion Framework

CSR promotion activities for our business partners are implemented under the responsibility of the IHI Group's Procurement Officer, led by the Procurement Division. These

activities are periodically discussed and confirmed by the Human Rights and DE&I Committee. Based on the deliberations and decisions by the Committee members, important activities are to be reported to the Board of Directors of IHI as necessary.

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

Since 2023, no confirmed incidents of forced labour or child labour have been identified through our engagement and interviews with business partners. However, we reconfirmed that small and medium-sized enterprises both domestically and internationally have weak governance and may face challenges in independently establishing and enhancing their own training systems. The IHI Group aims to effectively mitigate potential human rights risks by providing educational opportunities to key primary business partners.

- We continuously engage in dialogue with business partners. From June 2025 to February 2026, we conducted dialogues on human rights with 33 domestic important business partners.
- We also provided free e-learning opportunities on human rights to 30 relatively small companies among our important business partners in Japan to support their knowledge acquisition and capacity building.
- For business partners outside Japan, we conducted human rights education in consideration of local laws, business practices, and political systems (conducted in South Korea on December 10, 2025).
- As part of its proactive engagement efforts to mitigate potential risks, we conducted direct interviews with temporary foreign workers working at our business sites and factories in Japan. By fiscal year 2025, a total of 10 interviews had been conducted across seven locations.
- We use EcoVadis scores provided by a third-party rating agency to assess and monitor our important business partners' management of modern slavery risks.

	FY2024	FY2025
Number of important business partners	514	510
Number of important business partners assessed by EcoVadis	41	78

6. Assessment and Management of Human Rights Risks Including Modern Slavery Risks within the IHI Group

(1) Progress of Human Rights Risk Assessment Including Modern Slavery Risks

With the cooperation of external experts, we conducted human rights risk assessments including modern slavery risks under a three-year plan from fiscal year 2022 to fiscal year 2024. Assessments were conducted at 59 sites in fiscal year 2022, 37 sites in fiscal year 2023, and 47 sites in fiscal year 2024.

For sites identified as "red flags," including issues related to the prohibition of forced labour and child labour, the IHI Group has requested improvements, including the establishment and enhancement of internal policies and procedures.

In fiscal year 2025, follow-up evaluations were conducted at 9 sites to verify improvement status. Through the follow-up evaluations, no significant risks related to material human rights issues were identified. In future implementations, we will expand the scope of verification to conduct deeper risk assessments.

- Number of Red Flag cases at IHI Group sites, including the prohibition of forced labour, child labour and their improvements:

	FY2022	FY2023	FY2024
Numbers of Red Flag	39	15	25
Improvements Made	32	13	25

The IHI Group assesses the effectiveness of its modern slavery programme through points including:

- number of sites assessed;
- number of remediation actions implemented;

- supplier engagement activities;
- supplier ESG/EcoVadis assessments;
- worker interviews and grievance reports received and resolved;
- training participation levels

7. Dialogue with Stakeholders

(1) Dialogue with NGO Organizations

In fiscal year 2025, we exchanged opinions with multiple external stakeholders regarding the IHI Group Human Rights Policy and material human rights issues. We received feedback that business development should consider perspectives such as non-regular employees and migrant workers in its business operations. We will consider appropriate actions based on this feedback.

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

In the fiscal year 2025, continued from the previous year with the cooperation of external human rights NGO, we conducted proactive dialogues (direct interviews) and on-site inspections of facilities and dormitories with temporary foreign workers employed by 3 business partners which provide services to our factories. As a result, multiple issues were identified, and we requested corrective actions and confirmed the improvements. Lessons learned from proactive dialogues to date have been shared across the IHI Group.

(3) Labour-management Consultation

IHI Group recognizes the freedom of employees to unionize and work together as labour union members. Our Group will never treat anyone involved in union activities unfairly. In addition, as an engagement with employees, we conducted collective bargaining with unions in the fiscal year 2025. Furthermore, in fiscal year 2025, the Central Safety and Health Committee identified safety, health, and well-being as priority policy. We shared the recognition that prevention of serious accidents is the highest priority and discussed strengthening initiatives centered on risk management. In labour-management relations, we have signed the Labour Agreement and are trying to improve the workplace environment by providing information and exchanging opinions about the management conditions of the IHI Group.

8. Grievance (Remedy) Mechanism

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

The IHI Group operates a Compliance Hotline (throughout Japan, the United Kingdom, and Australia) as an internal reporting system to prevent, detect at an early stage and take appropriate measures against any violations or potential violations of laws, internal rules, and internal and external standards by all directors, officers and employees. In the fiscal year 2025, we received multiple reports, including those related to labour issues and harassment. We formed investigation teams consisting of members from relevant divisions for each case, and immediately investigated the issues. When the results of the investigations confirmed that the reported content was true, we took corrective measures against those incidents as well as preventive measures against recurrence of the issues in the relevant business divisions.

(2) Reporting System for External Stakeholders

On April 1, 2024, the IHI Group participated in “Dialogue and Remedy Platform” operated by Japan Center for Engagement and Remedy on Business and Human Rights (JaCER) and established mechanisms for receiving and resolving complaints and reports from a wide range of stakeholders relating to business and human rights issues. In the fiscal year 2025, we received a total of 17 reports and the relevant business divisions took appropriate action.

The IHI Group prohibits any form of retaliation or adverse treatment against whistleblowers and individuals involved in reporting, and is committed to preventing and addressing such

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

9. Training programme for IHI Group employees

(1) Implementation of Training Programme for IHI Group Employees

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

- E-learning course on Human Rights Awareness

We regularly provide e-learning courses on business and human rights, including the prohibition of forced labour and child labour, which are material human rights issues for all IHI Group companies and their directors, officers and employees. E-learning courses on “IHI Group Human Rights Policy” (available in 20 languages), “Business and Human Rights” can be taken at any time on line.

- Human Rights Assessment Workshop

In August 2025, we held a Human Rights Risk Assessment Workshop with the aim of reflecting frontline perspectives in the prevention and mitigation of human rights risks, as well as in establishing mechanisms for remediation and remedy as needed. In addition to human rights personnel, 60 employees working at the forefront of our business operations participated in this workshop. While taking a comprehensive view of the entire value chain from product planning to manufacturing, sales, and use, we examined and identified potential human rights risks that may arise for various stakeholders involved in our business activities, including employees, business partners, and local communities.

(2) Participation in external initiatives

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

(3) Future Initiatives

To expand our efforts from initiatives centered on our company and suppliers to addressing material human rights issues including forced labour across the entire value chain, we will: (i) establish a framework for promoting internal awareness of our human rights policy and responding to material human rights issues, (ii) advance human rights risk management within the Group, and (iii) promote human rights risk management throughout the entire value chain.

10. Consultation process

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

This statement was approved by IHI Board of Directors, held on 24 August 2026 and was signed on behalf of the Board of Directors by the Representative Director.

President and Chief Executive Officer
Hiroshi Ide

