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Strategic Dept. Procurement Strategies

IHI Group Procurement Policy

■ Basic Procurement Policy

The IHI Group carries out procurement activities based on the guidelines set out in our Basic Code of Conduct.

1. Fair and Impartial Procurement

We provide business opportunities in an open manner to business partners from around the world, and welcome working with creative and competitive business partners.

We also evaluate and select business partners in a comprehensive and fair manner based on factors such as quality, price, delivery schedule, technology and financial conditions.

2. Mutually Beneficial Partnership with our Business Partners

We regard our business partners as value creators, and through seeking to realize optimal levels for quality, price and delivery, together with procurement reliability, we aim to establish relationships of trust with our business partners and bring about the mutual enhancement of competitiveness and prosperity with them.

3. Approach to Compliance and Social Needs

We comply with the related laws that govern our local and global businesses.

In addition, we promote procurement activities that prioritize factors such as the environment, human rights, labor conditions, occupational safety and health, and information management.

■ Request to Our Business Partners

The IHI Group works on the following values to promote our business activities.

We ask for the co-operation and understanding of our business partners with regard to the promotion of these values.

1. Compliance

We ask our business partners to comply with the related laws, regulations and social norms governing their local and global businesses through the fulfillment of the following actions.

◇ To ensure full compliance with the related laws and regulations (e.g. commercial codes, competition law, subcontractor regulations, foreign exchange laws, personal privacy laws, intellectual property laws and environmental laws) of the countries and/or regions in which they operate.

◇ To prohibit the inappropriate giving of favors (any illegal or non-contractual giving of favors or dealings with anti-social forces such as organized crime).

◇ To prevent the inappropriate obtaining, using or disclosure of confidential information.

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

We ask our business partners to respect the human rights of their employees and to assure their labor conditions, and occupational safety and health.

3. Ensuring Optimal Quality, Cost and Delivery Conditions

We ask our business partners to establish production and crisis management systems capable of reliably securing and providing high-quality, safe materials and services that meet our requirements in a timely manner.

4. Enhancement of Competitiveness

Through the sharing of issues and goals with us in order to raise our competitiveness, we ask our business partners to provide us with information on appropriate materials, technologies, methods and more, and to proactively make proposals related to Value Engineering (VE) and other methods for the promotion of cost reduction.

5. Respect for the Environment

We ask our business partners to comply with all environmental laws.

We also ask them to proactively carry out activities which contribute to minimizing the environmental impact, while paying attention to social needs and requirements related to the environment.

6. Information Disclosure

We ask our business partners to disclose information that should be made public, including their management policy, business status, financial status, and the environmental and social impact of their activities.

■ IHI Group Policy on Conflict Minerals

In the Democratic Republic of the Congo and neighboring countries, armed groups engaged in conflict have committed grave human rights violations and acts of environmental destruction. This serious issue has been the subject of worldwide attention. It is understood that certain minerals (namely, tin, tantalum, tungsten, gold), which produced in this regions fund these groups (hereinafter, “Conflict Minerals”).

IHI Group policy is to avoid procuring raw materials, parts and products that contain Conflict Minerals. Based on this policy, IHI Group is moving forward with initiatives to avoid becoming complicit in the human rights violations and environmental destruction that result from the armed groups profiting from trade in Conflict Materials. We will continue to tackle this issue together with our business partners.