

(English Translation)

April 24, 2024

To whom it may concern,

**IHI Corporation**  
3-1-1 Toyosu, Koto-ku, Tokyo  
Hiroshi Ide, Representative Director, President  
and Chief Executive Officer  
(Securities Code: 7013)  
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### **Notice of Misconduct by a consolidated Subsidiary of the Company**

IHI Corporation (hereafter “IHI”) hereby announces that its consolidated subsidiary IHI Power Systems Co., Ltd. (hereafter “IHI Power Systems”) was found to have made improper alterations (hereafter the “Matter”) in the test operation records for marine engines and land-use engines. The details and the future actions that will be taken are as follows.

We sincerely apologize to all of our stakeholders for this betrayal of their trust and for causing considerable inconvenience and concern.

The impact of the Matter on financial results is currently under review and, if any impact is expected based on future results of the investigation, IHI will announce it immediately.

#### 1. Overview

In late February 2024, an employee of IHI Power Systems reported that the “fuel consumption rates” provided to customers when engine products are shipped (hereafter the “Record Values”) were altered using values different from those actually measured during test operations (hereafter the “Actual Measurement Values”).

Upon receiving the report, IHI and IHI Power Systems initiated an internal investigation in order to verify whether the Actual Measurement Values from test operations stored at IHI Power Systems matched the values actually provided to customers, as well as to conduct interviews with the relevant persons. As a result, it was confirmed that the values were inappropriately altered at the Niigata Engine Plant (Niigata City, Niigata) and Ohta Plant (Ota City, Gunma) of IHI Power Systems. The subject workplaces were immediately instructed to record the Actual Measurement Values, and this has now been corrected.

At this point in time, there have been no confirmed cases that may raise questions about the safety of the engines during test operations and actual use.

## 2. Results of the investigation to date

### (1) Results of the verification between the Actual Measurement Values and the recorded values

The results of the investigation of the available data since 2003 are as follows.

(As of April 23, 2024)

Product category	Number of subject models	Number of units shipped	Number of units with altered data (= A)	Among A, number of units that met the specification values <sup>(*3)</sup>	Among A, number of units that did not meet the specification values <sup>(*4)</sup>
Marine engines <sup>(*1)</sup>	58	4,881 (Domestic: 1,938) (Overseas: 2,943)	4,215 (Domestic: 1,594) (Overseas: 2,621)	2,169 (Domestic: 798) (Overseas: 1,371)	2,046 (Domestic: 796) (Overseas: 1,250)
Land-use engines <sup>(*2)</sup>	40	656 (Domestic: 604) (Overseas: 52)	146 (Domestic: 111) (Overseas: 35)	134 (Domestic: 107) (Overseas: 27)	12 (Domestic: 4) (Overseas: 8)

(\*1) Product applications include government ships, fishing vessels, domestic vessels, tugboats and work boats.

(\*2) Product applications include generator sets and railcars.

(\*3) Specification values refer to the fuel consumption rate recorded in the specifications document provided to customers.

(\*4) For products that did not meet the specification values, the deviation between the Actual Measurement Values and the specification values was 1.8% on average for fishing vessel products and 1.2% for land-use products.

### (2) Results of interviews with the relevant persons

In the interviews with the relevant persons, in addition to testimony stating that the values were altered to make the fuel consumption data look better or to adjust the variations in the data, some interviewees testified that they were carrying on the procedures of their predecessors. As a result, it is believed that underlying causes of the Matter include a lack of compliance awareness and issues in the workplace culture.

## 3. Related laws, regulations, standards, etc.

With respect to whether there have been violations of the laws, regulations, standards, etc. related to the subject engines, we are reconfirming using the Actual Measurement Values.

Concerning marine engines, we have confirmed that there are cases that are at risk of deviating from the standards for marine products in the NOx regulations established according to the Act on Prevention of Marine Pollution and Maritime Disaster and the International Maritime Organization. In addition, regarding the fuel consumption rates prescribed by the Fishing Boat Inspection Regulations, we have confirmed that there are cases that are at risk of deviating from the standards. Based on these results, we will continue to carefully proceed with the investigation.

Concerning land-use engines, there are no laws, regulations, standards, etc. that prescribe fuel consumption rates. In addition, based on the results of measurements conducted by a third-party organization into the conformity with the Air Pollution Control Act for all land-use engines for power generation, there were no violations.

#### 4. Establishment of a special investigation committee

In response to the Matter, IHI established a special investigation committee, composed mainly of lawyers and outside experts, and is working to investigate the causes and formulate measures for preventing recurrence, among others.

#### 5. Future actions

For customers who we delivered the affected products to, IHI and IHI Power Systems will explain the details of the misconduct to each customer individually, and will respond sincerely. The IHI Group takes very seriously the fact that a situation like this has occurred again despite the corrective actions that were taken in response to misconduct in the past.

Based on the results of the investigation by the special investigation committee and its recommendations, we will respond strictly on a group-wide basis.

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#### Overview of IHI Power Systems Co., Ltd.

Head office	2-14-5 Sotokanda, Chiyoda-ku, Tokyo	
President	Takashi Murasumi (Assumed office on April, 1, 2023)	
Business details	Production and sale of, and after-sale services for, land-use and marine diesel engines, land-use gas engines, gas turbines, marine systems, etc.	
Capital	¥3,000 million	
Net sales	¥74,023 million (Fiscal year ended March 31, 2023)	
Number of employees	1,478 (As of March 31, 2023)	
Company history	1910	Niigata Engineering Co., Ltd. is established.
	2003	Ishikawajima-Harima Heavy Industries Co., Ltd. (now IHI Corporation) takes over the business, and NIIGATA Power Systems Co., Ltd. is established.
	2019	IHI Group's power system business is integrated, and the company name is changed to IHI Power Systems Co., Ltd.