

We will contribute to society and the environment through our business in order to fulfill our responsibilities to future generations and build a better future

This year is the year when the Paris Agreement, which came into effect in 2016, is finally activated. The Paris Agreement sets a shared long-term goal for the world of keeping any rise in the average global temperature to 1.5 degrees Celsius, sufficiently below 2 degrees Celsius compared to pre-industrial-revolution times, and the expectations for companies are for further measures to combat global warming on their part too. The Hoshizaki Group has been seriously addressing environmental issues, including global warming, by making its products energy-conserving and also reducing energy in its production processes. We will continue to actively promote our continued commitment to environmental issues as part of our corporate social responsibility. At the same time, we will contribute to solving not only environmental issues but also social issues by creating a highly effective corporate governance system and establishing a strong management foundation as the cornerstone of our business activities.

Since last year's edition, the Hoshizaki Group has taken its conventional Environmental Report one step further, publishing it as a Social and Environmental Report that introduces the Group's ESG (Environmental, Social, and Governance) initiatives. In this FY2020 edition, we have provided more informative ESG articles in order to better communicate with our stakeholders. With the theme of "Solving Social Issues through Business," a special feature introduces the Hoshizaki Group's efforts to address social issues, such as global warming countermeasures and the creation of a safe and secure food environment. Specifically, we provide support for customers concerning the soft (abstract) and hard (tangible) aspects of environmentally friendly products and HACCP (food hygiene management methods) in Japan and overseas. In addition, we also introduce our methods for communicating with stakeholders. The Hoshizaki Group's management philosophy is one of being an "evolving company" that can contribute to

society. In order to fulfill our responsibilities to future generations and build a better future, we will unite the strengths of all our employees to contribute to society and the environment through our business. We hope that our stakeholders will be able to read this report and provide candid feedback from their various perspectives.



Representative Director, President & COO
Yasuhiro Kobayashi

Measures to Prevent Recurrence through Further Strengthening of Compliance and Internal Controls

We apologize for the great concern and inconvenience our customers and other stakeholders were caused with respect to improper transactions and inadequacies in internal controls at Group companies that started in 2018. In relation to this matter, we have implemented the following measures and further strengthened compliance and internal controls to prevent any recurrence.

Recurrence Prevention Measures

- (1) Establishment of optimal governance methods for Group companies
- (2) Addition of internal control items and future implementation of IT
- (3) Establishment of group risk management functions
- (4) Review of target management and personnel systems for domestic distributors
- (5) Optimization of respective Hoshizaki and Group company management functions
- (6) Establishment of an education system that contributes to strengthening compliance and internal controls

We will continue to work efficiently on strengthening our internal management systems and enhancing our corporate governance.