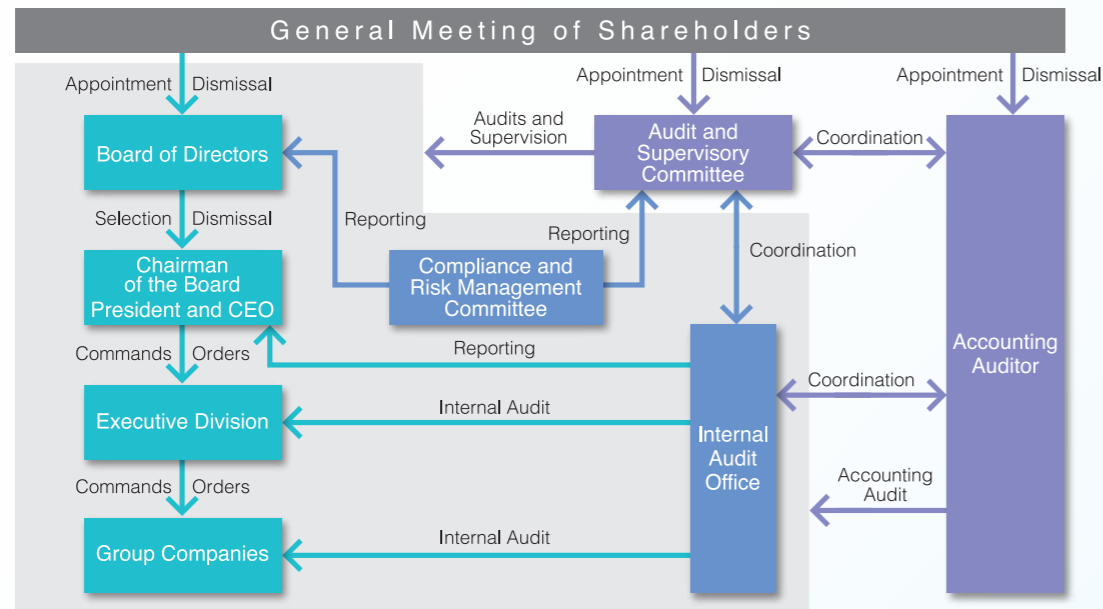


• Corporate Governance

Our Corporate Governance Approach

In order to improve management transparency and efficiency, Hoshizaki has made seeking to maximize corporate profits and value from the standpoint of shareholders and other stakeholders its basic corporate governance policy and objective.



Overview of Corporate Governance System

Board of Directors

In November 2019, Hoshizaki announced its policy to increase the percentage of independent outside directors on the Board of Directors to one-third or more in order to strengthen the Board's supervisory function and further enhance corporate governance. In accordance with this policy, we have submitted a proposal to increase the number of independent outside directors by two at the 74th Ordinary General Meeting of Shareholders to be held on March 26, 2020. All of the candidates for the new independent outside directors to be added have abundant experience and a high level of insight as regards general management as managers of listed companies, and we believe that their appointment will lead to the enhancement of our corporate governance system both in terms of the Board's ratio of independent outside directors (1/3) and the composition of the independent outside directors themselves.

Audit and Supervisory Committee

The audit and supervisory committee audits and supervises the execution of duties by directors fairly by conducting an active exchange of opinions between one audit and supervisory committee member with sufficient company-internal knowledge and two other audit and supervisory committee members (one of whom is a woman) who are independent outside directors and have extensive experience and knowledge outside the company.

Executive Officers

Hoshizaki has been implementing a separation between management/supervision and execution in stages, and on July 1, 2019, introduced a new executive officer system in order to bring the Board of Directors closer to how it should be. We will continue to actively work to enhance the corporate governance through further strengthening of the supervisory functions of the Board of Directors.

Initiatives Related to Corporate Governance

Hoshizaki is complying with the rules set forth by the Tokyo Stock Exchange on June 1, 2015 in its Corporate Governance Code. Some of the relevant

initiatives are described in the Corporate Governance Report published on our website.

— Corporate Governance Report <https://www.hoshizaki.co.jp/ir/management/pdf/governance.pdf> —

• Compliance

Basic Compliance

The Hoshizaki Group has set forth the following basic compliance policy.

The Hoshizaki Group will

- 1 Always recognize the importance of the social responsibility and public mission the corporate group has with respect to food environments and strive to establish unwavering trust from society through sound and appropriate business operations.
- 2 Endeavor to proactively and fairly disclose accurate information (product and corporate information), strive for broad communication with society, and devote ourselves to transparent management that can be evaluated by society.
- 3 Strictly comply with laws and regulations and carry out honest and fair corporate activities that do not violate social norms.
- 4 Have a sense of duty as a good citizen with a strong sense of ethics that can be applied in the international community and will contribute to the development of the economy and society at home and abroad.
- 5 Take a firm stance against antisocial forces that threaten the order and safety of civil society, a stance we will never compromise.

Compliance and Risk Management Committee

Hoshizaki has established a Compliance and Risk Management Committee chaired by the president and CEO and including directors and the head of the internal audit office as members to manage the progress of its compliance program, strive to promote

overall risk management and share the information necessary for risk management, and make decisions such as responding quickly to risks and avoiding and mitigating their manifestation.

Compliance Training

The Hoshizaki Group provides compliance training to all employees once a year. In 2019, we refined our method to one that can be expected to have a deeper penetration effect on students as regards their awareness of compliance, including the adoption of a participatory (group-work) training system and the planning of training programs targeting specific groups. As a result, many people said that they had a better understanding of compliance in the post-course survey, which meant we were able to conduct more effective training. In addition, we have created a Compliance Handbook

so that employees can review the basics of compliance that should be observed by the Hoshizaki Group at any time. This handbook has been translated into 14 languages, including English, and distributed to all employees of overseas group companies.



Internal Reporting System

The Hoshizaki Group has established an internal reporting desk as part of its internal reporting system for when executives or employees learn that illegal activity, misconduct, or harassment have taken place

or are about to take place at the company. An external reporting desk has also been established outside the company.