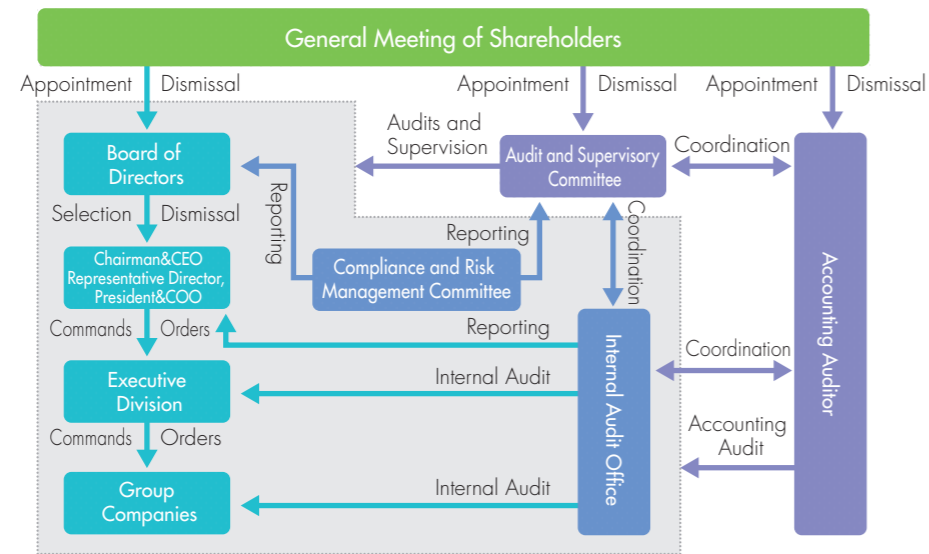


# Corporate Governance

## 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

The Board of Directors is composed of directors from within Hoshizaki who are familiar with the Company's operations and outside directors with management experience at listed companies and expertise in legal affairs and accounting, and we strive to ensure a balance and diversity of knowledge, experience, and abilities across the Board of Directors as a whole. Currently, the Board of Directors consists of eight directors (excluding directors who are members of the Audit and Supervisory Committee, and including two external directors) and three directors who are members of the Audit and Supervisory Committee. The Audit and Supervisory Committee consists of one full-time Audit and Supervisory Committee member and two outside directors who are Audit and Supervisory Committee members, and the ratio of outside directors on the Board of Directors is more than one-third. The Board of Directors meets regularly every month as a management-related decision-making body to formulate management policy and strategy for the entire Group and supervise the execution of its business. The Board of Directors is composed of directors who

are well versed in the Group's business and outside directors who have a wealth of experience and insight in all aspects of management, who through careful discussion make prompt and accurate management decisions regarding how the business is managed.

### ● Audit and Supervisory Committee

The Audit and Supervisory Committee supervises and audits the execution of duties by directors (excluding directors who are Audit and Supervisory Committee members) fairly through the active exchange of opinions between directors with sufficient internal knowledge and outside directors with extensive experience and knowledge as legal and accounting experts.

### ● Executive Officer System

Hoshizaki has introduced an executive officer system, and is seeking to further enhance corporate governance by clarifying the decision-making functions of directors and the business-execution functions of executive officers.

## Initiatives Relating to Corporate Governance System

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 Policy

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

- 1 To always recognize the importance of the social responsibility and public mission the corporate group has with respect to food environments and to strive to establish unwavering trust from society through sound and appropriate business operations.
- 2 To 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 well-received by society.
- 3 To strictly comply with laws and regulations and carry out honest and fair corporate activities that do not violate social norms.
- 4 To have a sense of duty as a good citizen with a strong sense of ethics that can be applied in the international community and to contribute to the development of the economy and society at home and abroad.
- 5 To take a firm stance against antisocial forces that threaten the order and safety of civil society, a stance that will never compromise.

## Compliance and Risk Management Committee

Hoshizaki has established a Compliance and Risk Management Committee chaired by its Representative Director, President&COO. Hoshizaki's Legal Affairs Department serves as the secretariat of the committee, which plans and formulates overall compliance initiatives and

appoints an executive legal affairs officer as the compliance and risk management supervisor in order to implement the decisions made by the committee. In addition, each department and Group company also has a compliance and risk management manager and deputy manager.

## Compliance Training

The Hoshizaki Group distributes the Hoshizaki Compliance Handbook to all employees and conducts compliance training once a year in order to promote greater awareness within the company regarding compliance.

In 2020, in order to further strengthen governance and compliance, we established a Legal Affairs Department and changed our system to one in which the Legal Affairs Department provides compliance training to manager-level employees at distributors and group companies. By adopting a "cascade-down" approach in which managers who have taken the training teach their subordinates in turn,

Compliance Handbook



Training

we are aiming to simultaneously strengthen our promotion of both manager-learning and worker-understanding. Overseas, in order to strengthen regional supervisory functions, we have assigned an overseas management supervisor at each site, and are supporting greater awareness of compliance at each company through cooperation between our head office and regionally supervised companies.

## Whistle-Blowing System

The Hoshizaki Group has established a whistle-blowing system. Depending on the nature of their report or consultation, whistle-blowers may choose either an in-house contact point (the Legal Affairs Department), or a lawyer other than in-house counsel as an external contact point. Each whistle-blowing case is reviewed by the Whistle-Blowing Review Committee, after which countermeasures

are implemented and the results reported to the Compliance and Risk Management Committee and the Management Committee. The Whistle-Blowing Review Committee consists of one director and three executive officers who serve as standing committee members, and a female advisory group also participates in the committee in order to provide more multifaceted perspective.

## Information Security

At the Hoshizaki Group, the Information Management Regulations stipulate the classification of information as confidential, etc., and the Information Systems Department handles security management. In the event of an information security problem, an alert is sent to the Information Systems Department, and a system is in place to prevent information leaks or the like. With respect to cyber-attacks, we have implemented measures to improve security, alongside the introduction

of an external monitoring service that is available 24 hours a day, 365 days a year, and a shift to a cloud system in FY2020. Overseas, Group companies with IT departments are managing information security at a level matching that employed in Japan, while Group companies without IT departments are working to improve security in cooperation with local vendors.