



HOSHIZAKI Social and Environmental Report 2020

Social and
Environmental Report

HOSHIZAKI CORPORATION

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Aiming to be an "evolving company" that can contribute to society

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Editorial Policy : This report is published as an annual report on social and environmental activities at Hoshizaki Corporation with the aim of promoting communication with stakeholders.

Reference Guidelines : Ministry of the Environment "Environmental Reporting Guidelines, 2018 Edition"

Scope : This covers initiatives by Hoshizaki Corporation and some of its group companies. However, the data in the environmental report is the data for Hoshizaki alone.

Period : January 1, 2019 - December 31, 2019

The Hoshizaki Group's Management Philosophy

In order to grow into a truly global company that conducts sound corporate management, we have established the below management philosophy.

Why We Exist

The Hoshizaki Group aims to be an "evolving company" that can contribute not only to customers but also to society by responding to changes in the needs for ever-diversifying "food." In order to meet this aim, we will create original products based on our in-house technology and provide fast and high-quality service, along with new proposals for more comfortable and efficient food environments.



Hoshizaki Group Social and Environmental Activities

Based on our management philosophy, we have established the Hoshizaki Group's Basic Policy on Social and Environmental Activities, our ISO9001 Quality Policy, and our ISO14001 Environmental Policy, and are engaged in social and environmental activities.

Basic Policy on Social and Environmental Activities



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

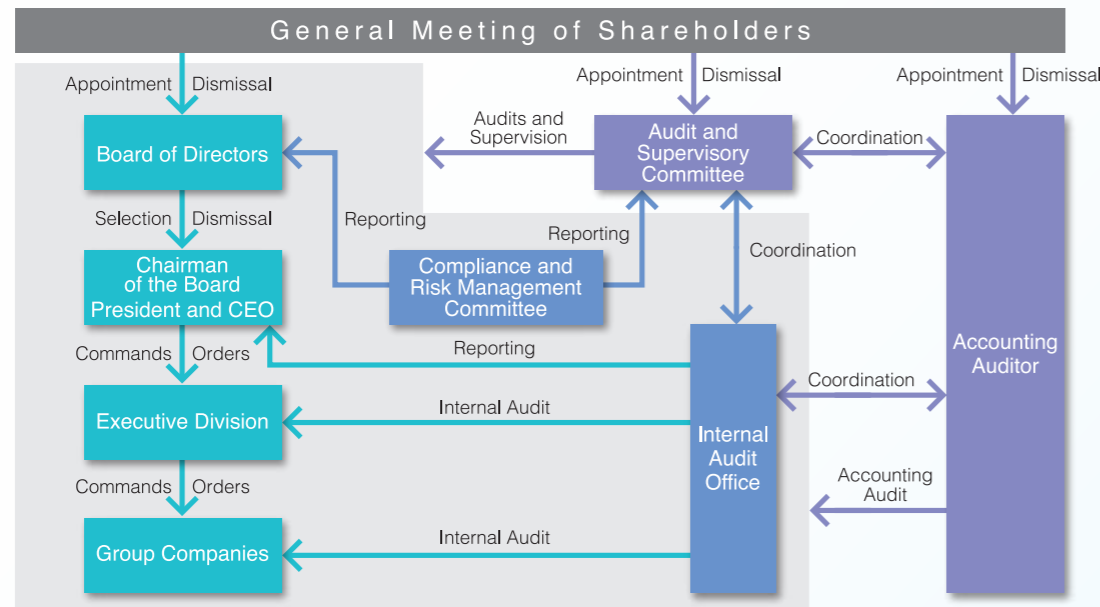
- (1) Establishment of optimal governance methods for Group companies
- (2) Addition of internal control items and future implementation of IT
- (3) Establishment of group risk management functions
- (4) Review of target management and personnel systems for domestic distributors
- (5) Optimization of 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.

• 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.

Solving Social Issues through Business

The Hoshizaki Group has a management philosophy of being an "evolving company" that can contribute not only to customers but also to society.

We have always worked to solve social issues through our business activities based on this management philosophy.

In this special feature, we introduce the Hoshizaki Group's initiatives with respect to global warming countermeasures and the creation of safe and secure food environments.

01 Global Warming Countermeasures

Social Issue | Control of Greenhouse Gas Emissions

These days measures to combat global warming are recognized as an important issue that should be addressed by the whole world, and there are strong demands for thorough energy conservation and control of greenhouse gases, including CO₂. In 2015, the Paris Agreement, the world's common goal for climate change, was adopted.

The Hoshizaki Group's Initiatives

The Hoshizaki Group recognizes the control of greenhouse gas emissions as an issue directly related to its business and is actively making efforts to develop environmentally friendly products, including making its products CFC-free and better in terms of their power-saving performance, all the while complying with the environmental regulations in each country.

In addition, with respect to manufacturing, we are working to reduce the amounts of hazardous substances contained in our products, and are making sincere efforts to create products that comply with laws and regulations, including the European RoHS Directive^(*).

(*) An EU directive and environmental standard to restrict the use of specific hazardous substances (lead, hexavalent chromium, cadmium, mercury, PBDEs, etc. (and 5 other substances))

Japan Showcases

In Japan, under the Energy Conservation Act, some food service equipment is designated as specific equipment to which "Top-Runner Standards"¹ (hereinafter, the "Standards") apply. At Hoshizaki, we are working to realize the "development of products with high power-consumption efficiency" exceeding these Standards, together with "sales in advance of the relevant target year"².

For example, with respect to showcases, we enhanced power-saving performance in 2019 to majorly achieve the Standards for the target year (FY2020), and were developing and selling them ahead of that same target year.

¹ Standards demanding that manufacturing contractors develop products that exceed the standard of the most energy efficient commercialized product at a given time.

² The year the standards in ¹ should be attained, set for each product or category.

<Typical Models>



Reach-In Showcase

Europe Ice Machines

In Europe, amongst growing demand for non-CFCs due to initiatives such as the 2022 ban on equipment using alternative CFC refrigerants (the F-Gas Regulations) aimed at preventing global warming, Hoshizaki developed and sold the world's first non-CFC commercial ice machine (that uses propane) in 2009. Since then, further improvements have increased power-saving performance and we are now expanding our product lineup.

In 2019, we developed and sold new non-CFC ice-dispensers.

<Typical Models>



Non-CFC Ice Machine

Non-CFC Ice-Dispenser

Americas Commercial Refrigerators

In the Americas, the U.S. Department of Energy (DOE) and the Canadian Department of Natural Resources (NRCan) have set strict power-saving standards for products. Hoshizaki America (a local subsidiary in the United States) has been making efforts to develop and sell products that seek power-saving performance and user-friendliness, and since FY2012 has been awarded an Energy Star³ Award for eight years running.

In 2019, in addition to improving power-saving performance, we strived to further combat global warming by developing and selling non-CFC (propane) commercial refrigerators.

³ In an effort promoted by the U.S. Department of Energy and the U.S. Environmental Protection Agency (EPA) since 1992 with the aim of increasing the power-consumption efficiency of equipment and reducing CO₂ emissions, energy star certification is given to products that satisfy the conditions for certain power-consumption efficiencies and those products are allowed to display the Energy Star mark.

<Typical Models>



Commercial Refrigerator Steelheart Series



02 Creation of Safe and Secure Food Environments

Social Issue | Ensuring Food Safety

The need for food safety and security is increasing against a backdrop of repeated mass food poisonings, product recalls due to contamination, and increases in food imports. Given such circumstances, Japan amended its Food Sanitation Act in June 2018 in order to respond to changes in the environment and internationalization surrounding food, and from June 2021, in principle all food-related businesses will be required to implement hygiene control in accordance with HACCP.

What is HACCP?

A management method for producing safe and hygienic food, involving a system that enables advance prevention of shipments of problematic food. HACCP is becoming mandatory in an increasing number of countries, including the United States and the EU.

The Hoshizaki Group's Initiatives

The Hoshizaki Group is contributing to the creation of safe and secure food environments by providing total support for HACCP practices for food-related businesses in terms of both tangible and intangible elements



More than 500 staff have completed specialized education! Wide-ranging support for HACCP concerns

More than 500 people have completed specialized HACCP education at the Hoshizaki Group, which now includes many advisors, including HACCP Coordinators⁴ and HACCP Dissemination Instructors⁵.

The Group is utilizing these human resources to provide the services necessary for hygiene management in accordance with HACCP, from helping with hygiene management inspections and the creation of hygiene management manuals, to inspecting equipment and utensils and cleaning kitchens.

⁴ Qualification set by the Japan HACCP Training Center
⁵ Qualification certified by the Japan Food Hygiene Association.



Special web pages and booklets with easily understood explanations about HACCP



Deployment of kitchen equipment that realizes hygiene management in accordance with HACCP

The Hoshizaki Group is developing kitchen equipment to reduce the risk of food accidents and supports customer implementation of effective and efficient HACCP practices.

Examples include steam convection ovens that deliver both flavor and reliable heating through automatic control, water electrolyzers for sterilizing uncooked vegetables and fruits, and blast chillers/rapid chillers that quickly pass them through the risk temperature zone for easy bacteria multiplication (10 to 60°C) after cooking.



Water Electrolyzer WOX-40WA



Blast Chiller & Shock Freezer HBC-2083-AW

Topics

HACCP-Compliance Lectures Held in Multiple Locations

In the wake of the institutionalization of hygiene management in line with HACCP, the need for HACCP-related seminars, training courses and lectures is increasing.

The Hoshizaki Group dispatches lecturers for courses and lectures to various locations, mainly experts who actually teach on-site, such as HACCP dissemination instructors. In addition to events and seminars, we deliver lectures and training courses at the request of social welfare corporations, universities, vocational schools, and local governments.



A seminar

Stakeholder Engagement

Hoshizaki's main stakeholders are the customers to whom we provide products and services, the shareholders, investors, business partners and employees who have a direct effect on the Group's business, and the local communities who are directly affected by our business development. We have provided various opportunities to listen to the opinions of our stakeholders and apply them in our management.



Relationship with Investors

In order to build a medium/long-term relationship of trust with investors, we encourage proactive communication by providing accurate business results and financial information.

Basic IR Policy and Method of Disclosure

The Hoshizaki Group engages in IR activities to inform shareholders and investors of information necessary for their investment decisions in a fair and timely manner.

We strive for fairness by having the information published by the Hoshizaki Group disclosed using methods such as registration with TDnet* and posting on the Hoshizaki Group's IR website, and we also even disclose information that does not fall under the Timely Disclosure Rules using appropriate methods

aligned with their intent.

Furthermore, in light of the increase in the ratio of non-Japanese shareholders (30% as of the end of December 2019), since the second quarter of the fiscal year ending December 2019, we have been disclosing financial statements and financial briefing materials (summary versions) in English and have also established an English-language website.

*Timely Disclosure Information Transmission System (Timely Disclosure Network)

Communication with Institutional and Individual Investors

We hold financial results briefings every half-period to provide a place where institutional investors can hear an explanation of our company's performance (performance and forecasts) and management strategies directly from the President & COO. In addition, management and IR representatives hold telephone conferences (quarterly) and individual meetings, and also attend various briefings organized by securities companies.

In addition, we have been conducting factory tours for institutional investors and analysts from time to time,

and we are working to further enhance communication with investors in Japan and overseas.

For our individual investors, we hold briefings at various securities companies (branch offices, etc.) in order to provide them with a deeper understanding of the Hoshizaki Group. At the briefings, the Chairman of the Board of Directors provides an overview of the company as well as an explanation of the management policy and medium-term outlook. These briefings are actively held not only in cities but also in rural areas.



Briefing Sessions for Individual Investors

Major IR Activities

Activities	2017	2018	2019
Financial Results Briefings	2	2	2
Telephone Conferences	0	1	3
Individual Meetings with Domestic Institutional Investors	147	106	80
Individual Meetings with Foreign Institutional Investors	184	112	113
Conferences Organized by Domestic Securities Companies Attended	2	2	1
Briefing Sessions for Individual Investors	3	4	3

Basic Policy on Shareholder Return

Hoshizaki changed its basic policy on shareholder return from the fiscal year ending December 2019 to further clarify its proactive stance on the return of profits backed by business results. The new basic policy is as shown on the right.

• With regard to dividends, we aim to achieve a

consolidated dividend payout ratio of 35%, and we will work to maintain a continuous and stable dividend between 30% and 40%.

• After considering the balance with growth investments and the market price of the Company's shares, we will also consider flexible acquisition of treasury stock.

Relationship with Customers

In order to provide products and services that live up to the expectations and trust of our customers, we have established quality assurance and service/support systems, listened to feedback from customers, and promoted efforts for daily improvement.

Quality Assurance System

Hoshizaki has a clear position of providing peace of mind to customers in its quality policy, and is committed to maintaining and improving its quality levels.

We have obtained the ISO9001 international standard for quality at all of our factories, and have established a system for stringent quality checks based on our quality management system for all processes, from product development through to manufacturing and shipping at factories.

During the product development phase, we engage in repeated testing of various kinds envisaging rigorous use, and only the technologies and parts that pass these tests are adopted and turned into products. On factory production lines, each worker conducts a quality check in each process. The system involves certified inspectors performing detailed checks on each finished product, and only products passing the finished product inspection (final inspection) being shipped to market.

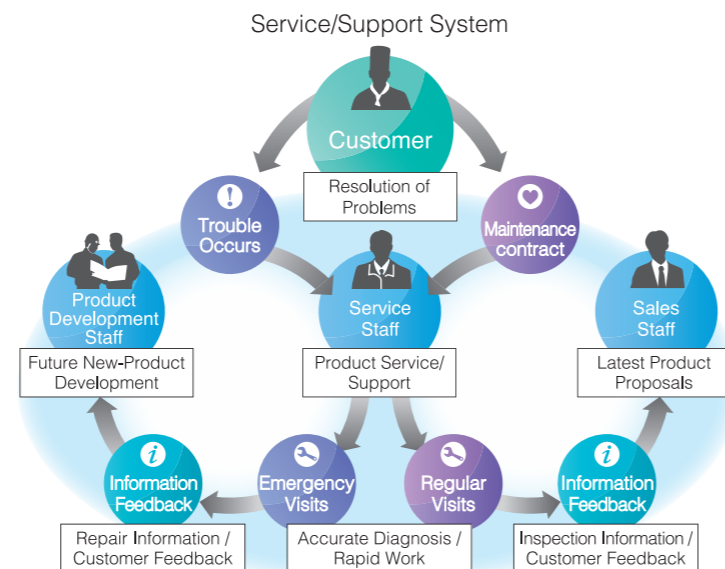


Service/Support System

The Hoshizaki Group is focused on its service/support system as the most important feature for our customers. Service is provided by 15 distributors and 436 sales offices located throughout Japan (as of the end of December 2019).

This system enables service staff to immediately visit and deal with any trouble that may arise. Many of our customers also enter into maintenance contracts, which enable us to provide meticulous and attentive support through regular visits.

In addition, we endeavor to resolve any problems customers may have by providing any customer feedback received by service staff on visits to sales and product development staff in a timely fashion and reflecting it in the latest product proposals and future new-product development.



Supporting Customers in Times of Disaster

In the event of a disaster, the Hoshizaki Group marshals its strengths to assist customers in the restoration of their stores. The following are examples of efforts in response to typhoon damage that occurred in September and October 2019.

● Recovery Support for Damage Caused by Typhoon No. 15

On September 9, Typhoon No. 15 hit the Kanto region, causing large-scale power and water outages affecting more than 600,000 households, mainly in Chiba Prefecture.

Hoshizaki Kanto, which is in charge of product sales and maintenance services in Chiba Prefecture, first checked that employees and their families were safe, and then worked to check on the situations customers faced with respect to damage and lifelines. In areas where it was difficult to make repair calls due to power outages, we visited our customers' stores to help with their recovery efforts.

In addition, with the support of service staff from other group companies (11 employees from Tokyo

metropolitan group companies such as Hoshizaki Kita-Kanto, Hoshizaki Tokyo, and Hoshizaki Shonan), we established a system to support our customers' recovery, and were able to respond quickly immediately after electric power was restored (one week after the typhoon passed), which was when the most repair calls from customers were received.



Product repair work

● Recovery Support for Damage Caused by Typhoon No. 19

Over October 12 and 13, Typhoon No. 19 hit the Tokai, Kanto-Koshinetsu, and Tohoku regions, causing major flood damage due to several overflowing rivers, including tributaries of the Abukuma River and the Agano River.

As was the case with Typhoon No. 15, Hoshizaki Tohoku, which is responsible for Miyagi and Fukushima Prefectures where damage was severe, checked that employees and their families were safe and worked to understand the situations customers faced with respect to damage. A customer response

team was also created together with service staff from other group companies (five support staff members in total from Hoshizaki Tokai, Hoshizaki Hanshin, and Hoshizaki), and they carried out work that mainly involved cleaning the interior and exterior of products that suffered flood damage, and the replacement of electronic control components. Customers commented on how Hoshizaki staff were the quickest to come and how reassuring it was to be helped by so many people.



Damage



Damage Response Meeting



Product Cleaning Work

● Donations by The Hoshizaki Charity Club

The Hoshizaki Charity Club* made donations to eight prefectures affected by the typhoon.

*An organization consisting of volunteers from domestic Hoshizaki Group company employees and executives. See P13 for details.

Municipalities
Miyagi, Fukushima, Ibaraki, Tochigi, Saitama, Chiba, Kanagawa, Nagano

Relationship with Local Communities

We are promoting social contribution activities in order to become a trusted member of local communities. We also support the activities of the Hoshizaki Green Foundation as part of our environmental conservation activities.

Factory Tours and Work Experience

Hoshizaki accepts requests for factory tours and work experience programs from local schools. In 2019, we conducted 15 factory tours and four work experience programs.

We hope to be able to contribute to school education through factory tours and workplace experience programs that allow students to see the processes involved in making products and how our employees work, and to get a feel for the importance of things and the effort involved in work itself.



Elementary School Students on a Factory Tour

Donations by The Hoshizaki Charity Club

The Hoshizaki Charity Club collects amounts under 100 yen from the salaries and bonuses of members and donates them to support organizations involved in social welfare, environmental conservation, and disaster recovery. Currently, more than 70% of employees of Group companies in Japan are members. In 2019, we made donations to municipalities

damaged by typhoons, to efforts for the restoration after the Shuri Castle fire in Okinawa, and to 16 organizations including environmental conservation organizations.

A Message of Thanks from a Donation Recipient: Amakusa Marine Club

We thank you for your kind donation of support funds. Amakusa Marine Club is creating a platform for local children to study the ocean in Amakusa City, Kumamoto Prefecture, in order to protect the ocean's environment and resources and to nurture the next generation of people involved in ocean work. Every year, we hold study sessions on the ocean, industry and advanced technologies, and this year we used the support funds to implement an "Aquaculture Raft x IoT" program. We were able to provide children with the opportunity to learn about the appeal of the Amakusa ocean by taking actual measurements at aquaculture sites using hand-made IoT sensors that measure water temperature and other conditions, and taking pictures of what it is like on the inside of the rafts with underwater drones.



A Scene from Activities Conducted by the Amakusa Marine Club, a Donation Recipient

Support for Self-Reliance Support Activities for People with Disabilities

We support NPOs and private organizations that support the independence of people with disabilities in local communities.

As an example, Hoshizaki's head office factory has allowed visits from Mugino Hana, a continuing-work support office for people with disabilities located in Toyoake City, once a week to sell handmade bread. In 2019, they also started accepting sales visits from the Toyoake City Social Welfare Council's* kitchen car.

They serve warm keema curry and hot dogs made from local ingredients and are popular with employees. Hoshizaki will continue to cooperate to help people with disabilities participate in society.

*A private organization aimed at promoting community welfare



The Kitchen Car

Hoshizaki Green Foundation Environmental Conservation Activities

Two facilities managed and operated by the Hoshizaki Green Foundation have undergone renovations.

The Hoshizaki Green Foundation was founded in 1990 because of the founder's desire to preserve the nature of his hometown for future generations. The foundation's facilities include the Hoshizaki Institute for Wildlife Protection, Furusato Shakunouchi Park, and Lake Shinji Green Park, and it also is the

designated manager and operator of Lake Shinji Nature Museum Gobius, a prefectural facility in Shimane.

In 2019, two of these facilities were renovated and reopened as facilities that allow visitors to get closer to nature.

Lake Shinji Nature Museum Gobius

Installation of a new tank for whitebait fish, a perfect fit for the aquarium atop Lake Shinji



Whitebait is a typical example of the kinds of edible marine life in Lake Shinji and is popular among the locals. Since opening in 2001, Lake Shinji Nature Museum Gobius has been attempting artificial breeding of whitebait, which are considered difficult to breed in captivity, with the aim of holding a yearly whitebait exhibition. Since 2016, as a Hoshizaki Green Foundation project, the facility has been working on developing mass-production technology, and now are able to raise more than 3,000 whitebait. In addition, the facility has installed the only water tank in the world that enables viewing of whitebait throughout the year, and as of March 2020, the fourth generation born in captivity has been on display.

We will continue to communicate the importance of the natural environment of Lake Shinji through the whitebait exhibition.

Lake Shinji Green Park

Bird-Watching Hut Reopened after Renovations



Lake Shinji Green Park is a park with a variety of nature and a bird-watching hut where you can observe the waterfowl that live at Lake Shinji, which is a wetland registered under the Ramsar Convention*. In April 2019, 23 years after the park's opening, the bird-watching hut was reopened as a facility offering a more fulfilling nature-experience.

In the new bird-watching hut, the second floor has become bird-watching area, and the view has expanded dramatically compared to the old bird-watching hut. The number of telescopes has also increased, making for more comfortable bird-watching.

The exhibition space has also been enlarged, and the enhanced exhibitions include both interactive and panel exhibitions.

We will continue to convey the charm of nature to the park's many visitors through the observation of wild birds.

*A treaty to protect internationally important wetlands.

Hoshizaki's Support Activities

One of the Hoshizaki Green Foundation's facilities is the Furusato Shakunouchi Park, which allows visitors to come into contact with wild birds, insects, flowers, etc., and is used by locals as a place to relax. This year, Hoshizaki's Shimane Factory held an exchange event for families of employees in this natural and attractive park, which adjoins the factory. The event included an introduction of foundation's

initiatives, a walk around the park, and conveyed to our employees and their families the importance of conserving nature, as well as the importance of harmony between people and nature.



The Event

Relationship with Employees

Hoshizaki strives to provide an environment with a comprehensive human-resource development system so that all human resources can demonstrate their individual abilities to the fullest and work with motivation and a sense of fulfillment.

Aiming for a Comfortable Workplace

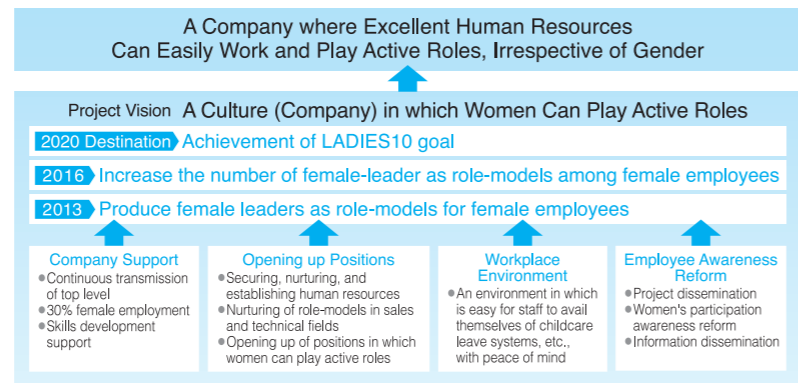
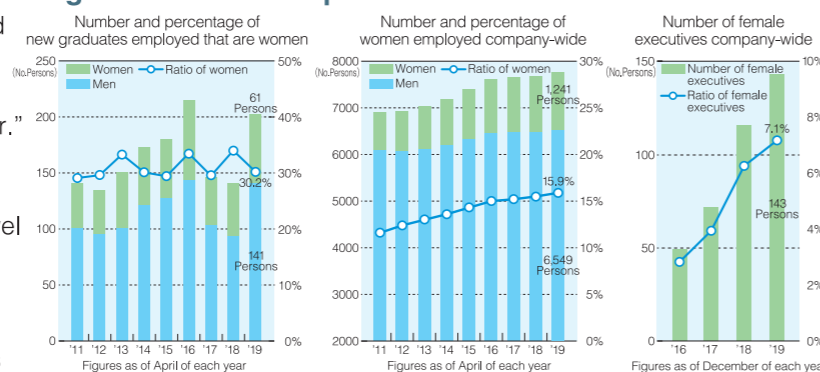
● Hoshizaki's Double Support System

In addition to having introduced various systems for childcare and nursing care, Hoshizaki actively supports the balance between family and work by providing workplaces in which it is easy for staff to avail themselves of these systems. Our initiatives include minimizing career-path blanks for employees who are on childcare leave through online courses they can take at home and regular interviews. As a result, the percentage of women who

take childcare leave has reached 100%, while in recent years, the number of men taking childcare leave has also increased. Furthermore, we are currently making progress in considering a re-employment system in which employees who have retired due to spouse transfers, childcare, or nursing care, etc., can return to the Company. We will continue to improve and expand our systems to support the work-life balance of our employees.

● Kagayaki Project Activities Promoting Women's Participation

In 2010, the Kagayaki Project was launched with the aim of realizing "a company where excellent human resources can easily work and play active roles, irrespective of gender." The project holds the specific goal of increasing the percentage of women in the positions at or above assistant-manager level to 10% or more, called "LADIES10," and through our continued support for women's career advancement, there are 143 women (7.1%) who have held such senior positions as of December 2019. In 2019, we also conducted training to further improve the management abilities of female executives, who have increased in number in recent years. Since the project was launched, the percentage of women recruited as new graduates has been about 30% each year. Furthermore, the ratio of female employees is increasing year by year due to our provision of environments in which women who have experienced life events such as childbirth and childcare can continue to work.



● Certification of Excellent Companies Based on the Law

Hoshizaki Group companies have been accredited as Excellent Companies, with 17 out of 18 having obtained the Next-Generation Certification Mark (nicknamed the "Kurumin Mark"), and 9 of those having obtained the Next-Generation Special Case Certification Mark (nicknamed the "Platinum Kurumin

Mark"), and 2 out of 18 having obtained the Women's Active Participation Promotion Mark (nicknamed the "Eruboshi Mark"). We will continue to aim for the certification of all domestic Group companies.



● Improving the Workplace Environment

In order to improve the workplace environment, we have been conducting annual employee satisfaction surveys for all Hoshizaki Group employees since 2006 and have been using the results in activities in the following years. As a result, the score of employee satisfaction has been steadily rising, and the workplace has been improving in terms of employee-friendliness.

In addition, we have been conducting 360-degree evaluations of managers. By taking multiple evaluations, including from the individual concerned, their superiors and subordinates, and using the gap between self-evaluation and evaluations from others as feedback, we are conducting education to promote awareness and behavior improvement and linking this to improved management ability and compliance awareness.

● Connections with Families

We are involved in activities to deepen understanding of the company, including yearly "family days" to which employees' families are invited, and "Evening Festivals" which are also open to people in the local area. We try to enable employees to spend as much time as possible with their families on weekends, and in addition to our system that allows employees who live away from their families due to a transfer to visit their

families once a week, we have also introduced a system that considers them to have worked regular hours even if they are unable to arrive to work on time at the start of the week.



A Family Day

Development of Human Resources

● Creation of Global Human Resources

The Hoshizaki Group has made declarations of a "50% ratio for overseas sales" and the "Group having the No.1 sales worldwide for the food service equipment industry" in its 2020 Management Vision, and is

strengthening the development of human resources who can play active roles overseas in order to respond to the increasing pace of globalization.

Global Human Resource Development Program

- Improving Language Skills**
- Language training (beginner to advanced)
 - Short-term training at overseas Group companies
 - Short-term study abroad at an American Language School
- Improving business skills**
- Training for the wide range of skills required for expatriates
 - Country-dependent training for points to bear in mind and understanding of local business practices



The Training

● Fostering Next-Generation Managers

In order to foster management-level human resources that can strongly propel growth for group companies, the Hoshizaki Group is implementing a development program to strengthen the thinking that forms the foundation of the creation of results that is required of

management personnel. Through training and dialogue with current management, participants acquire the thought patterns, strategy-conceptualization and strategic planning skills for implementing management, and also clarify skill-development issues.

● Service Training

The Hoshizaki Training Center was established as a place to improve the knowledge and skills of employees who support the group's strength: its service/support system. It mainly holds new-employee training for fresh graduates and mid-career employees, and in addition to product knowledge and skill acquisition, it also helps trainees obtain a deeper understanding of Hoshizaki and the company's history, as well as an awareness of themselves as a member of the Hoshizaki Group. In

2019, we held trainings for employees in their second year of employment on products other than those in our main lineup. We conduct these training programs to develop human resources who can earn the trust of our customers.



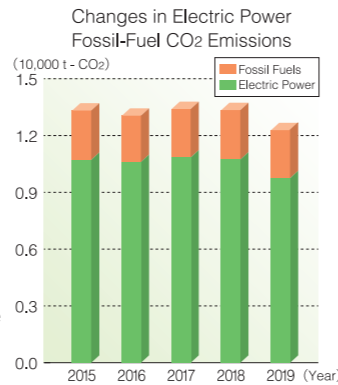
The Training

Preventing Global Warming

Overall Results for 2019

At Hoshizaki, in order to reduce the CO2 emissions from sources of energy used in its business activities, both manufacturing and indirect departments have been engaged in initiatives such as the introduction of power-saving equipment, improved equipment operation, and improved operational efficiency. At the same time, we have been proactively working to reduce the amount of energy used during transport through efforts to reduce product weights and component counts in the design stages, and to reduce the amount of power used through improved production processes.

As a result, CO2 emissions in FY 2019 were 12,289 tons, 92.0% of the amount for the previous year. We will continue to make efforts to reduce CO2 emissions by promoting the introduction of power-saving equipment and the improvement of production processes.

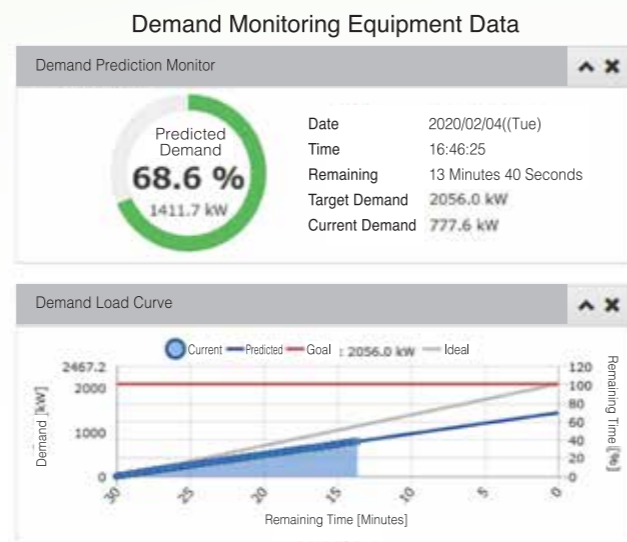


Power Saving using Demand-Monitoring Equipment*

*Equipment that can monitor maximum peak power and power usage at all times

In addition to introducing energy-saving equipment, Hoshizaki is promoting a reduced environmental impact by considering ways to efficiently use the power in equipment. As an example, the head office factory utilizes demand-monitoring equipment to visualize its use of electric power, which has led to a reduction in the amount of power used. The demand-monitoring equipment data can be viewed in a timely manner by all employees on the company intranet, contributing to an improved awareness of energy conservation.

In 2019, we carried out adjustments for air-conditioning temperature settings and distributed starting times for equipment operation (initiatives we had already been working on) based on analysis data from the equipment, which led to more efficient operation, and enabled us to reduce the amount of power used by about 10% compared with the same month in the previous year (July 2018).



Power Savings from Reduced Product Weights and Component Counts

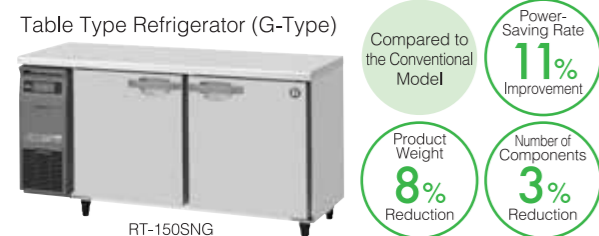
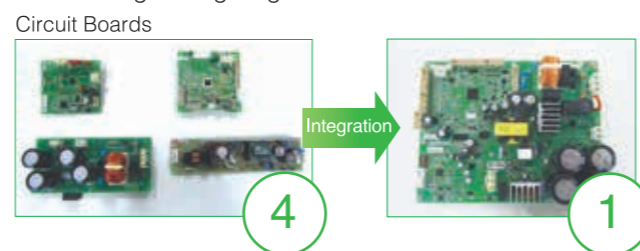
Hoshizaki is promoting a reduced environmental impact by reducing the weight of its products and their component counts.

As one example, the table-type refrigerator (G-type) underwent a model change from 2018 to 2019 at the Shimane factory, and it now has an optimized refrigeration circuit and improved thermal insulation performance. In making these changes, we achieved an improvement in power-saving performance while reducing the product's weight and number of components.

In order to make the product lighter, we made the sheet metal parts inside the cabinet thinner and reviewed the

placement of reinforcing materials, while at the same time ensuring the strength of the refrigerator body itself. The result led to a reduction in the energy required for the product's transportation.

In order to reduce the number of components, we integrated the circuit boards, such as the inverter control board and power supply board, which had originally been separate, into one board, and reduced the number of wiring boxes that contained them from two to one. The result led to not only resource conservation, but also improved product-assembly work-efficiency, as well as a reduction of power consumption for equipment, air conditioning and lighting.



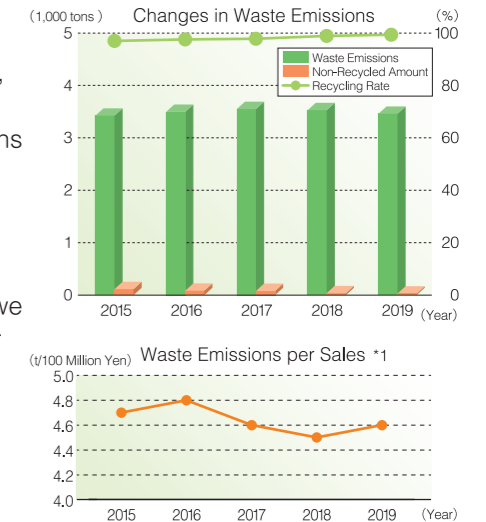
Suppressing Waste Generation

Overall Results for 2019

As a result of active efforts to improve yield rates for metal materials, reduce defects during manufacturing processes, and thorough inventory management, waste emissions at Hoshizaki were 3,458 tons (98%) compared to 3,527 tons the previous year. However, waste emissions per sales (index) *1 increased slightly compared to the previous year due to a decrease in sales in the current fiscal year.

In terms of recycling rates, promoting waste separation and reuse, we were able to achieve a recycling rate in FY 2019 of 99.0% or greater for each site*2 where we did not achieve that the previous year. We will continue to promote suppression of generated waste and make efforts to further improve our recycling rates.

*1 Figures re-calculated by dividing waste emissions (tons) by sales (100 millions of yen)
*2 Hoshizaki's head office factory and Shimane factory



Reduction of Generated Waste through Establishment of Storage Space for Components

In order to reduce the generation of waste in its manufacturing processes, Hoshizaki is working to improve yields (getting many components from a single sheet of metal material). However, due to the recent shift to small lots with greater variety, too many components were created, and some were sometimes discarded out of necessity due to problems involving where to store them.

So, in 2019, in addition to efforts to improve yields, we focused on efforts to reduce the amount of discarded components. As an example, the head office factory has established a new storage location for components by improving the layout of its machining workspace. It also reviewed its standards for the disposal of components. As a result, the number of components to be scrapped decreased significantly compared to the previous year, leading to approximately 8 tons of metal-material waste that was not unnecessarily generated for the year.

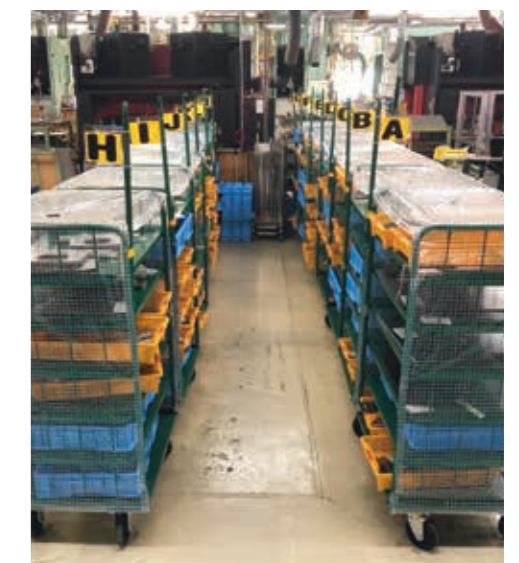
In addition, use of the stored parts has reduced the time spent on processing using the equipment, which has led to increased productivity and reduced equipment power consumption.

Efforts to reduce the amount of components discarded [example]

Up to 8 components can be taken from a single sheet of metal material

Due to the production order, there are 2 left over

These 2 pieces are stored in the newly established component storage space and used another time



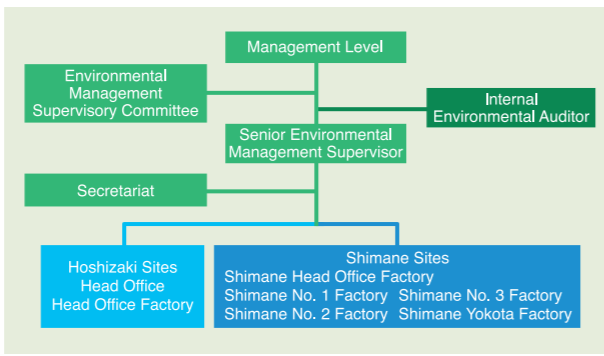
Newly established component storage space



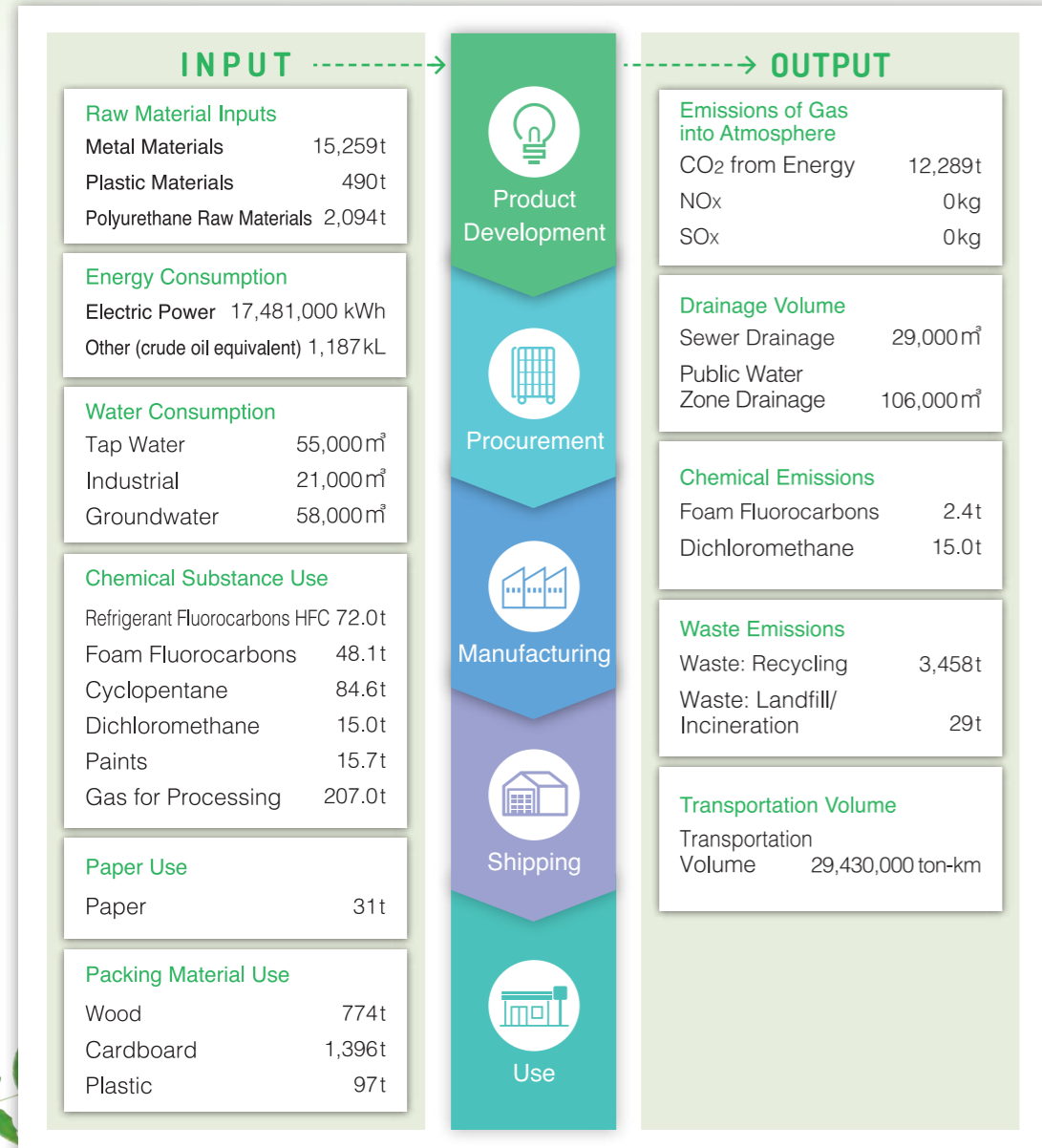
Environmental Management System Promotion Organization Framework / Materials Flow / Environmental Goals and Achievements

Environmental Management System Promotion Organization Framework

Hoshizaki has established a framework for all departments in all factories to participate in environmental improvement activities. Based on our overall goals, we have set improvement goals for the medium-term three-year period across all sites and at each department level, and are moving forward with improvement activities each year by formulating two-month implementation plans that clarify specific measures.



Materials Flow



Environmental Goals and Achievements

○ ... Realized ▲ ... Partially Unrealized ✕ ... Unrealized

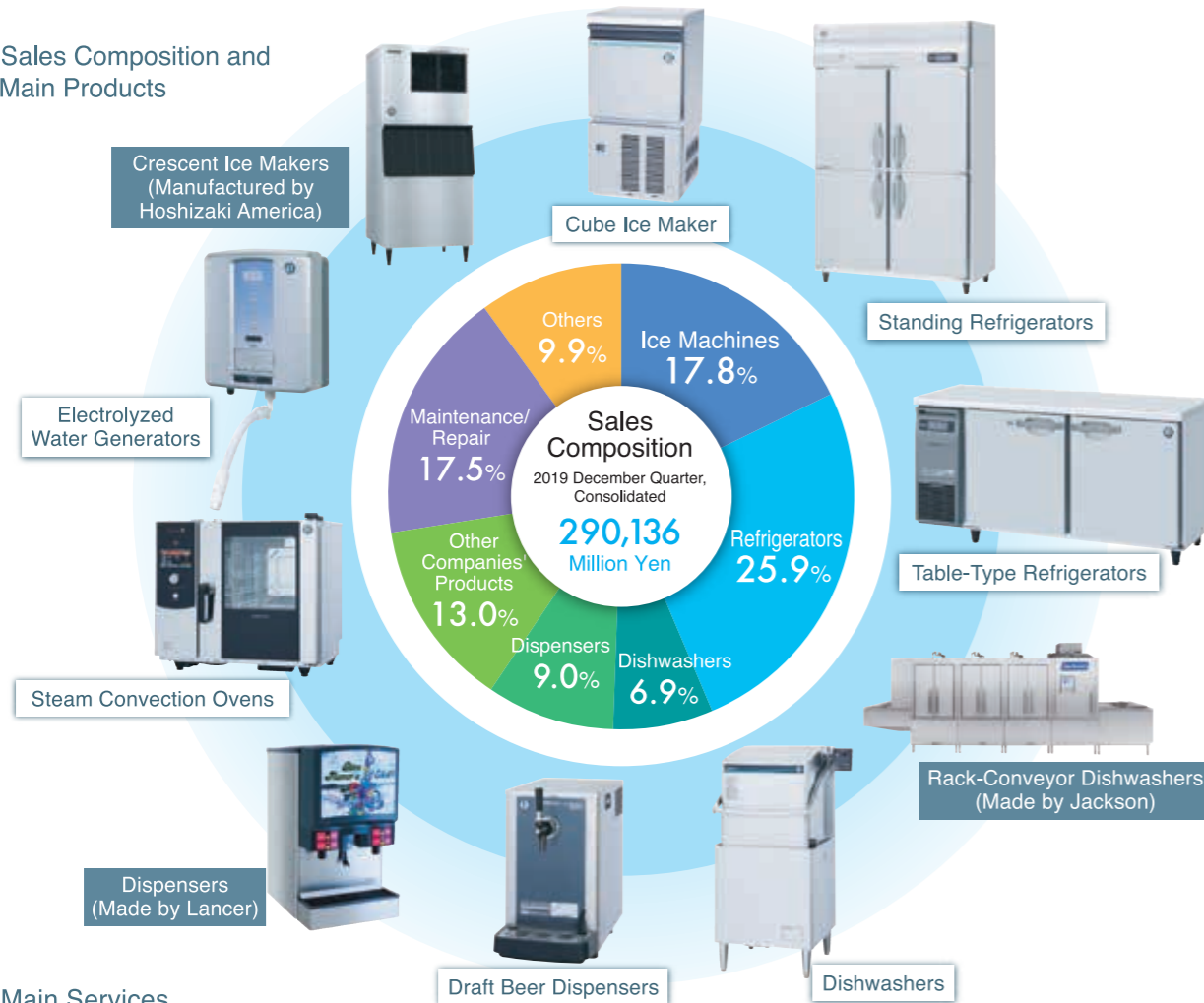
	FY2019 Goals	Result	Comment	FY2020 Goals
Power Saving	Energy Consumption Rate 6% Reduction Compared to FY2013	○	We were able to achieve our goals through a combination of various activities such as productivity improvement and the introduction of energy-saving equipment.	Energy Consumption Rate 7% Reduction Compared to FY2013
Suppression of Waste Generation	Metal Work Scrap Yield Rate 4.7-8.0 Point Improvement Compared to FY2008 3.0 Point Improvement Compared to FY2013 0.013 Point Improvement Compared to FY2016 (Goal Values Set by Each Department)	○	We were able to achieve our goals by, in addition to production improvement activities, setting forth and implementing measures in each department.	Metal Work Scrap Yield Rate Goal Values Set by Each Department and Process
	Plastic Material Work Scrap Yield Rate 5.0-14.0 Point Improvement Compared to FY2008 (Goal Values Set by Each Department)	▲	Due to changes in product specifications, plastic-based emissions increased, and some departments did not achieve their goals.	Plastic Material Work Scrap Yield Rate Goal Values Set by Each Department
	Suppression of Defective Product Occurrence Goal Values Set by Each Department, Occurrence Process, and Occurrence Cause	▲	Improvements have been taking place in each department, with measures to achieve goals being set forth, but some departments did not achieve their goals due to defects caused by changes to materials.	Suppression of Defective Product Occurrence Goal Values Set According to Each Department, Occurrence Process, and Occurrence Cause
Transport Load Reductions	Loading Size (Loading Rate) Improvement 2.0 Point Improvement Compared to FY2012	○	We were able to achieve our goals by working toward a target value set for the loading rate for product transport trucks.	Loading Size (Loading Rate) Improvement 2.5 Point Improvement Compared to FY2012
CFCs	For Foam: Switch to Low-GWP* Foaming Agents in Some Products For Refrigerants: Research Aimed at Changing to Low-GWP* Refrigerants	○	[For Foam] Implementation complete. [For Refrigerants] Implementation complete.	For Foam: Switch to Low-GWP* Foaming Agents in Some Products For Refrigerants: Research Aimed at Changing to Low-GWP* Refrigerants
Product Development	Further Energy Savings in Dishwashers and Showcases	○	We were able to achieve further energy savings by adopting high-efficiency gas boosters in dishwashers and high-efficiency compressors in showcases.	Set Goals Including Model Changes to Top-Runner-Compatible Products
Zero-Emissions (Recycling Rate of 99% or More)	Achievement of Zero Emissions (Recycling Rate of 99.0% or More at Each Site)	○	Both the Head Office site and the Shimane site were able to achieve a recycling rate of 99.0% or greater.	Achievement of Zero Emissions (Recycling Rate of 99.0% or More at Each Site)
Natural Environment Conservation	Cooperation and Participation in Hoshizaki Green Foundation Conservation Activities	○	We cooperated with Hoshizaki Green Foundation conservation activities.	Cooperation and Participation in Hoshizaki Green Foundation Conservation Activities

*Low global warming potential (GWP). The GWP is a number that shows how much warming potential a greenhouse gas has relative to carbon dioxide.

We contribute to the creation of safe and secure food environments in terms of both manufacturing and service.

The Hoshizaki Group contributes to the creation of safe and secure food environments in terms of both the development and manufacture of food-service equipment, and services such as sales and maintenance. In addition, we are taking the initiative on tackling environmental issues such as global warming by developing and providing environmentally friendly products, reducing the environmental impact of our business activities, and providing power-saving and labor-saving solutions for our customers.

Sales Composition and Main Products



Main Services

Kitchen Design, Etc.
We provide total planning, design, construction, and installation services for kitchen equipment in order to meet the needs of kitchens in a variety of food-related facilities. We create optimal environments in which people who cook can move around hygienically and smoothly.

Service/Support
In order to deliver a pleasant product-use experience for customers, we conduct maintenance and inspections of products. In the unlikely event of a problem, our motto of "Same-Day Response" means a visit from one of our service staff will follow promptly.

Consulting Menu Proposals, Cooking Demonstrations, Etc.
We offer further added value to our customers by performing cooking demonstrations using Hoshizaki products, proposing menus, and advising on hygiene management.

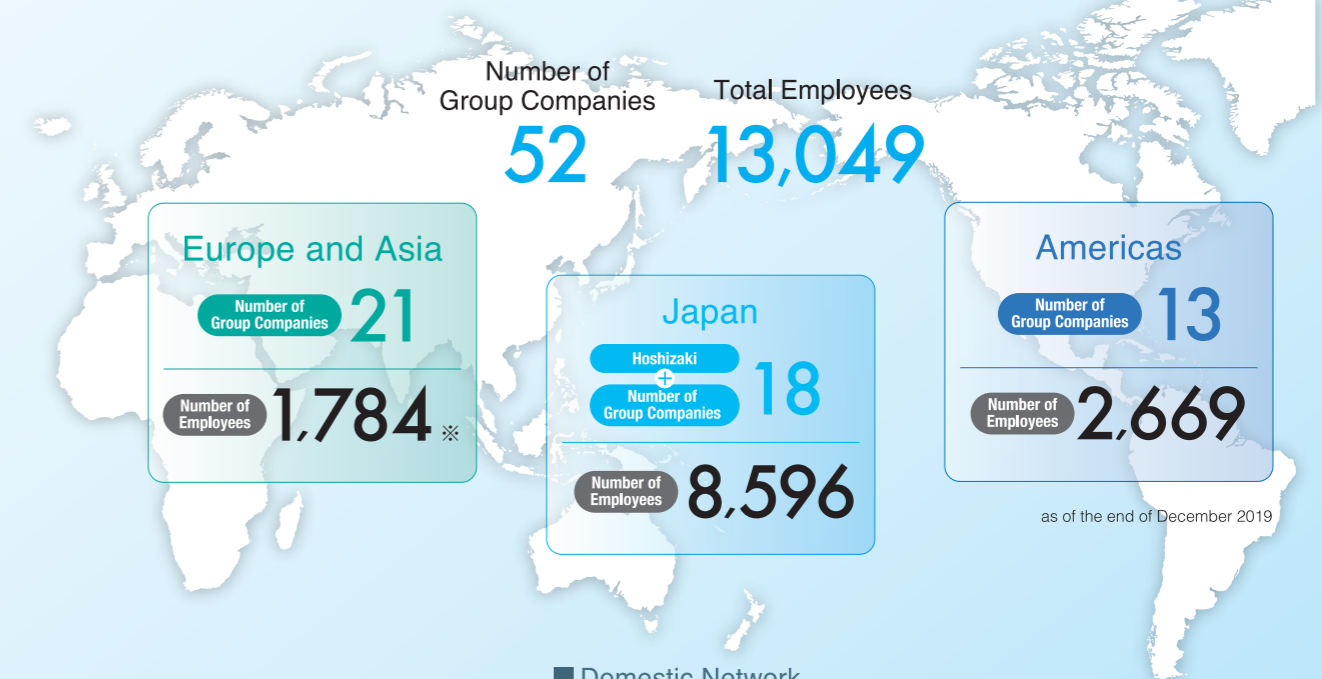
Company Overview

Company Name : HOSHIZAKI CORPORATION
 Date Established : February 5, 1947
 Paid-in Capital : 8,021 Million Yen(December Quarter 2019)
 Revenue : 290,136 Million Yen(December Quarter 2019, Consolidated)
 Representative Director, President & COO: Yasuhiro Kobayashi
 Head Office : 3-16, Sakae-cho Minamiyakata, Toyoake, Aichi 470-1194, Japan
 Number of Employees : 13,049 (December Quarter 2019, Consolidated)

Global Network

Through our global network, we are actively supplying products to various countries and regions, mainly in the Americas, Europe, and Asia.

*The number of group companies in Europe and Asia includes Öztiryakiler Madeni Eşya San. ve Ticaret Anonim Şirketi (Özti), but Özti is excluded from the staff head-count because it is an unconsolidated company in terms of equity.



Domestic Network

Under a system of 15 domestic sales companies, we have established a detail-oriented sales and after-sales service network through the deployment of sales offices at 436 locations nationwide (as of the end of December 2019).

