



HOSHIZAKI

Social and Environmental Report

2021



HOSHIZAKI CORPORATION

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The Hoshizaki Group's Management Philosophy

In order to grow into a truly global company with sound corporate management, we have established the following management philosophy.

Mission Statement

We, Hoshizaki group, aim to be an "Evolving Company" contributing to society as well as customers, meeting the changing needs and demands for diversified "Eating". To achieve the above, we develop original products incorporating original technology. And we present innovative proposals for a more comfortable and efficient eating environment and offer responsive, high quality services.

To compliance with the laws, and to making the Company trusted by society and its employees.

Management philosophy

Good product comes from a good environment

To practicing a management with transparency and discussion

To realizing harmonization of business activities with the environment, and a good environment to work

Have a Dream

Everything comes from a dream
Any dream will surely come true

Broaden your horizons

After all, you will find a brand-new perspective

The profitable corporation has a culture that generates profit

Don't adjust yourself to others
Uniqueness will be the source of profitability

Hoshizaki·ism

Don't make money by money.

We are manufacturers
Our profit shall come from our core business.

Change makes progress

There is no way to survive on the extension of the present

Hoshizaki Group ESG Information Website

Hoshizaki has changed the name of the "Social and Environmental Activities" page on its official website to the "ESG Information" page and revamped its content. The page contains an organized listing of Hoshizaki's ESG-related activities and achievements.



<https://www.hoshizaki.co.jp/en/esg/>



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, 2020 to December 31, 2020

Amid a constantly changing food-service industry, we will strive to stay closer to our customers than ever before, and aim to be an “Evolving Company” that can contribute to solving social issues, in order to realize a sustainable and prosperous society.



Yasuhiro Kobayashi
Representative Director,
President & COO

Total Support for the Diverse Needs of the Food-Service Industry

In 2015, Sustainable Development Goals (SDGs) were adopted by the United Nations. The international movement toward the realization of a sustainable society is accelerating. The Japanese government has also announced its goal to reduce emissions of carbon dioxide (CO₂) and other greenhouse gases to zero by 2050. As members of society, there are also growing expectations for corporations to make active commitments. The corporate philosophy of the Hoshizaki Group (the “Group”) is to be an “Evolving Company” contributing to society as well as customers, as we promote our business in a wide range of fields relating to “food”—something essential to our daily lives—and aim to solve social issues, such as responding to climate change issues and creating a safe, secure, and rich food environment. With the changing times, needs relating to “food” have become more diverse and expanded to cover a broader field. In July 2016, we changed our company name from Hoshizaki Electric CO., LTD. to HOSHIZAKI CORPORATION to transform from a kitchen equipment manufacturer to a food-service equipment manufacturer that supports “food” in all industries. We believe that the *raison d’être* of the Group is to accurately solve social issues, as we meet the diverse needs of the food-service industry and respond to changes in our business environment.

Supporting Our Customers as a Business Solutions Partner

One of the characteristics of the Group is that we offer products and services through various sales channels (in Japan, mainly via direct sales), utilizing the advantages of our manufacturing and sales system, and communicating clearly with our customers. We aim to offer value to the entire food-service industry, by using our strong technical capabilities to develop and manufacture high-quality, high-performance products, and by establishing a service and support system to meet the continuously changing needs of our customers.

For food-service equipment, it is essential to ensure the safety of the “food,” maintaining freshness and long-term storage. We contribute to these needs by offering our cooling and high-precision temperature control technologies, which enable long-term storage and appropriate temperature control, and systems that utilize IoT to timely manage large numbers of refrigerators. One of the chief problems in the food-service industry is a shortage of labor. We have been working to address this problem by proposing labor-saving equipment such as dishwashers, dispensers, and steam convection ovens (Japan only), as well as food preparation methods (e.g., NEW COOK-CHILL) and efficient layouts (lines of movement) that realize efficient, comfortable, and labor-saving environments.

Meanwhile, the regulatory environment of the food-service industry is also changing with the times. In Japan, for example, hygiene management in accordance with Hazard Analysis and Critical Control Point (HACCP) is required for all food businesses, and smaller restaurants, in particular, are preoccupied with responses to ensure compliance. The Group has roughly 600 consultants stationed throughout Japan, offering support for customers to adopt HACCP and introduce equipment in accordance with the size of their business.

The stagnation of economic activities that resulted from the spread of the novel coronavirus infections (COVID-19), which began in 2020, has had an impact on the entire food-service industry. Mainly in Japan, we have seen many cases in which the Group’s customers are launching take-out and delivery services, because they are no longer able to offer their menus at restaurants. New demand has emerged for people to enjoy food in their own homes, with the same quality and flavor that they used to enjoy at restaurants. In order to support these customers, we are leveraging the Group’s expertise to meet their needs, including proposing the development of new menus and container packaging, introducing efficient kitchen equipment for deliveries, and introducing public assistance programs (grants and subsidies).

Aiming for Sustainable Growth

Based on the management philosophy of “Good product comes from a good environment,” the Group has worked on making the Company trusted by all our stakeholders, through ensuring the transparency of management, maintaining harmonization of business activities with the environment, and creating a good working environment.

Recently, environment, social, and governance (ESG) initiatives have gained increasing importance, and corporations are facing demands to play a greater role in solving global social

issues. In this movement, the Group has taken ESG activities as an important matter, and is working on these activities, listening earnestly to the voices of the Group’s various stakeholders, and meeting their expectations with sincerity.

Energy savings, low environmental impact, and long service life are major challenges for food-service equipment that operates for long periods. Since our founding, the Group has worked to develop and popularize products that help mitigate climate change, including our pursuit of energy-saving technologies and a shift to CFC-free products. We also believe those are important services: maintaining products and replacing parts periodically to reduce power consumption, in order to ensure that these products used for a long time are part of our important services. In addition, we strive to create an environment at our plants and minimize the environmental impact of our production activities, thereby reducing the environmental impact of our business, as a whole. We promote the creation of a comfortable, safe working environment that emphasizes diversity, in order to build quality assurance, and service and support systems that meet the expectations and trust of our customers, and to enable each of our employees to demonstrate their capabilities to the fullest, and play active roles in their work with motivation and fulfillment. In addition, in order to build a stronger foundation for the sustainable growth of the Group, we are working continuously to build a highly effective corporate governance system, and strengthen our compliance and internal controls.

In order to fulfill our responsibilities to future generations and build a better future, the Group will unite the strengths of all our employees to contribute to solving social issues through our business, with the aim of achieving sustainable growth.

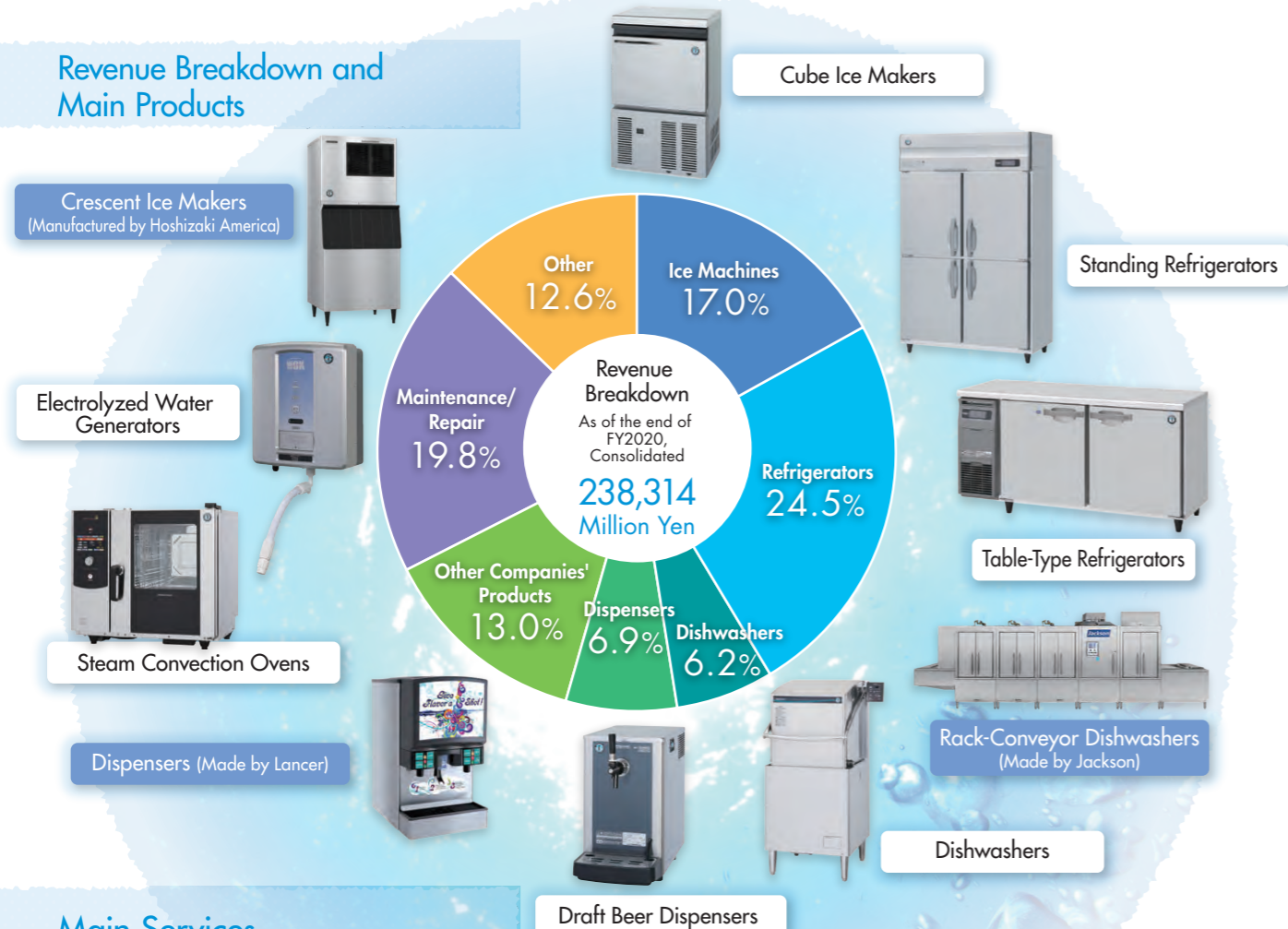
We would like to thank all of our stakeholders for their continued understanding and support.

Overview of the Hoshizaki Group

We support safe and secure food environments through manufacturing and services that meet the needs of the times.

The Hoshizaki Group supports safe and secure food environments through the development and manufacture of food service equipment that responds to changing "food" needs, as well as sales, maintenance, and other such services. We also contribute to solutions for social issues through the development and provision of environmentally friendly products and proposals that contribute to energy and labor savings for our customers.

Revenue Breakdown 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 achieve optimal environments by ensuring hygienic and efficient flow lines.



Service/Support

We conduct maintenance and inspections of products in order to provide our customers with a pleasant user experience. 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 provide our customers with further added value by performing cooking demonstrations using Hoshizaki products, proposing menus, and advising on hygiene management.

Company Overview

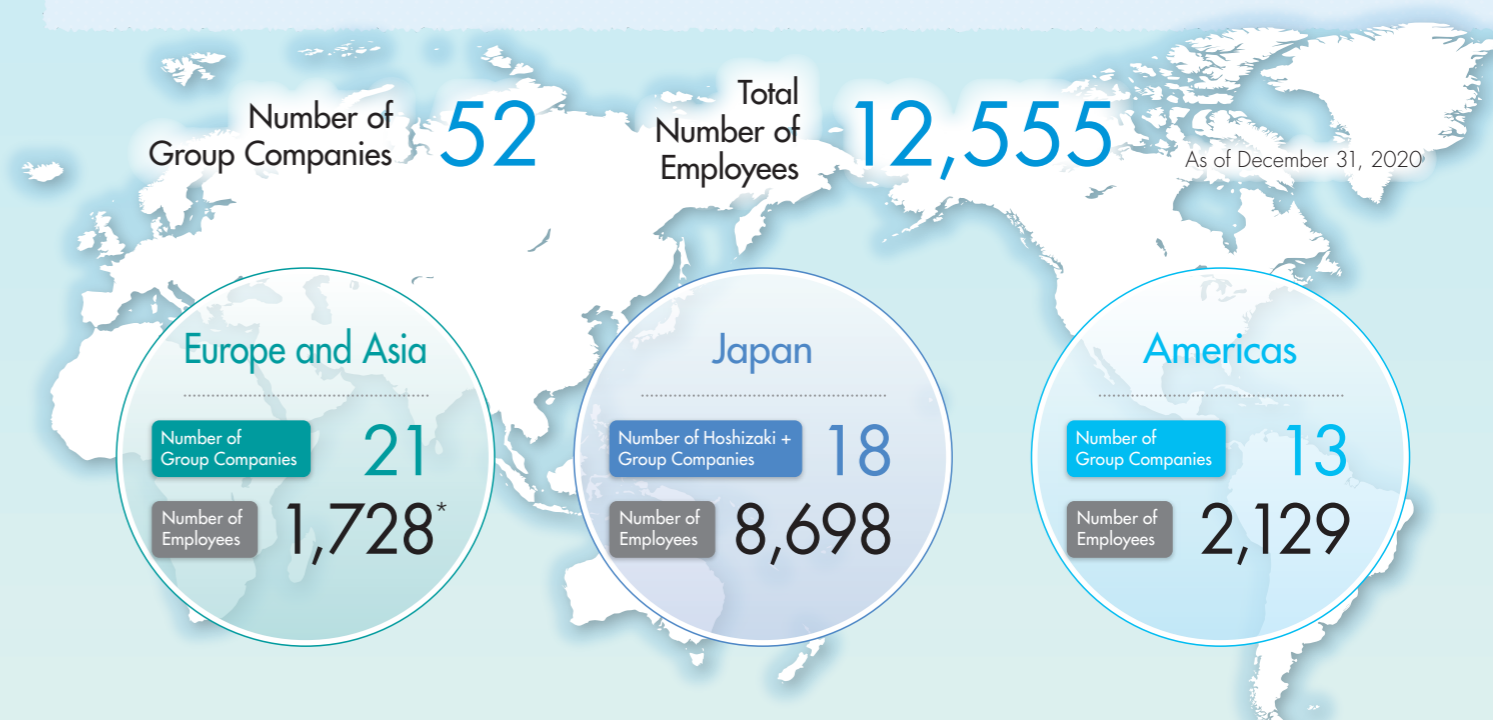
Company Name : Hoshizaki Corporation
Date Established : February 5, 1947
Paid-in Capital : 8,021 million yen (As of the end of FY2020)
Revenue : 238,314 million yen (As of the end of FY2020, Consolidated)

Representative : Representative Director, President & COO Yasuhiro Kobayashi
Head Office : 3-16, Sakae-cho Minamiyakata, Toyoake, Aichi, 470-1194, Japan
Number of Employees : 12,555 (As of the end of FY2020, consolidated)

Global Network

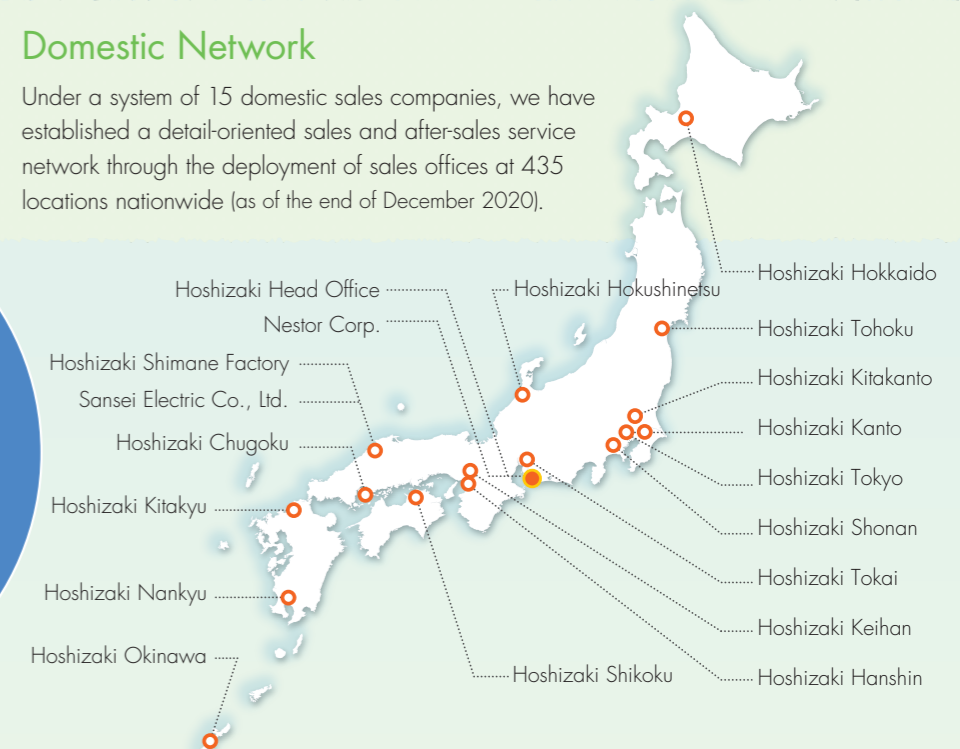
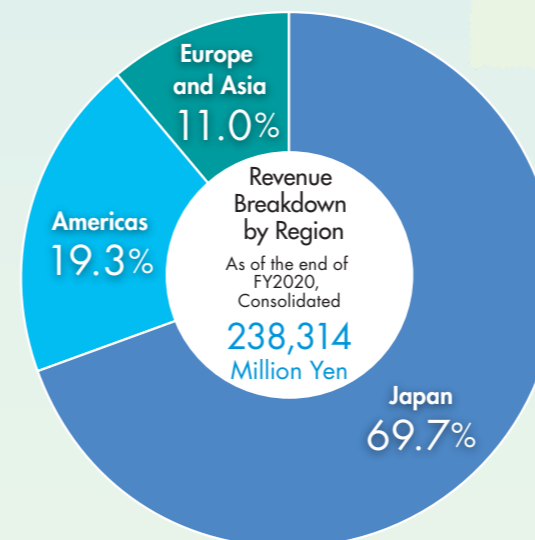
Through our global network, we are actively supplying products to various countries and regions, mainly in the Americas, Europe, and Asia.

*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 435 locations nationwide (as of the end of December 2020).



Initiatives for Sustainable Growth

As a manufacturer that develops, manufactures, and sells products in Japan and more than 60 countries around the world, the Hoshizaki Group has been responding to the needs of society in terms of issues such as an increasing awareness of climate change and food safety and hygiene. We will continue to strengthen our ESG initiatives in order to use changes in society as opportunities for growth.



Development of products that pursue energy-saving performance

Recipient of an ENERGY STAR® Award for 9th consecutive year (Americas)

In April 2020, Hoshizaki America received a "Partner of the Year - Product Brand Owner" award for the 9th consecutive year at the ENERGY STAR®^{*1} Awards 2020, which are held by the U.S. Environmental Protection Agency (EPA). This is in recognition of a reduction in greenhouse gas emissions of approximately 25,000 tons per year (a 21.0% reduction^{*2}) in the "Steelheart" series of commercial refrigerators that went on sale in 2019 and use a non-fluorocarbon refrigerant (propane), and a reduction in electricity consumption equivalent to US\$1.7 million per year (an 8.5% reduction^{*2}) in the "KMEdgeX" series of energy-saving ice machines.

^{*1} An initiative promoted by the U.S. Department of Energy and the U.S. Environmental Protection Agency (EPA) since 1992. With the aim of increasing the energy 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.

^{*2} Hoshizaki estimates (compared to our conventional products)



"Steelheart" series non-CFC commercial refrigerator (propane refrigerant)



"KMEdgeX" series energy-saving ice machine

Expanded range of non-CFC equipment

Introduction of ice machines that use propane and CO₂ as refrigerants (Europe)

In January 2020, Hoshizaki Europe launched its crescent-ice ice machine, which uses a non-CFC refrigerant (propane). Crescent-ice is widely used in fast food restaurants in Europe.

Hoshizaki contributes to the reduction of greenhouse gases by promoting the use of environmentally friendly products.

Furthermore, in May of that same year, we began selling flake-ice ice machines that use CO₂ refrigerant to large supermarkets in Europe. Like propane, CO₂ refrigerant is a non-CFC refrigerant with a low global warming potential and low environmental impact.

We will continue to reduce our impact on the environment by actively expanding the range of models that use non-CFC refrigerants.



Non-CFC ice machine (CO₂ refrigerant)

Support for HACCP compliance

One-stop support for customers for both tangible and intangible elements of HACCP (Japan)

Hoshizaki and its distributors in Japan are actively supporting the introduction of HACCP, as it will contribute to solutions for social issues such as how to improve customer productivity and how to reduce food loss. In terms of the intangible elements, Hoshizaki has trained around 600 HACCP-related qualified personnel, and provides customers with hygiene analyses, support for the acquisition of HACCP certification, and support for HACCP-based kitchen design. In terms of tangible elements, we provide one-stop support for our customers through our abundant range of products that includes electrolyzed water generators (hypochlorous acid water generators), blast chiller & shock freezers, and vacuum packaging machines.



Electrolyzed water generator



Blast chiller & shock freezer



Vacuum packaging machine

Society

Food Safety and Hygiene

Provision of hygiene-focused products, etc.

Touchless dispensers (Americas)

As the spread of COVID-19 raises the awareness of hygiene in society, Hoshizaki America is making efforts to manufacture not only energy-efficient products, but also hygiene-focused products. As one example, Hoshizaki America has been selling touchless dispensers that can output ice and water using infrared sensors for some time, and further to this, in 2020, a kit to convert conventional touch dispensers into touchless ones was also launched. These products and kits are being promoted for use in nurses' stations, lobbies, break rooms, cafeterias, and other areas where hygiene considerations are important, and contribute to the development of safe environments that lead to reduced risk for infectious diseases.



A kit that enables conversion from conventional button-type to an infrared sensor has been released. On-site replacement is also possible.

Touchless dispenser

Environment

Response to Climate Change

Stakeholder Engagement

The Hoshizaki Group has a variety of major stakeholders, including the shareholders and investors who have a direct or indirect influence on the Group's business, as well as customers to whom we provide products and services, suppliers, employees, and local communities. The Hoshizaki Group takes various opportunities to listen to the opinions of its stakeholders and apply them in its management.



Relationship with Investors

In order to achieve sustainable growth and enhance corporate value, the Hoshizaki Group recognizes the importance of proactively engaging in dialogue with our shareholders and investors and appropriately reflecting their opinions and requests in our management.

Basic IR Policy and Information Disclosure Methods

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. The information published by the Hoshizaki Group is disclosed using methods such as registration with TDnet* and posting on the Hoshizaki Group's IR website. We strive for fairness in the information we publish and even also 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, since the second quarter of the fiscal year ending December 2019, we have been disclosing financial statements, financial briefing materials (summarized versions), convocation notices in English and have also created an English-language website.

*Timely Disclosure Information Transmission System (Timely Disclosure Network)

Communication with shareholders and investors

The Hoshizaki Group holds semi-annual financial results briefings to provide an opportunity for institutional investors to hear an explanation of our performance (performance and forecasts) and management strategies directly from the President & CEO. In addition, management and IR representatives hold telephone conferences (quarterly) and individual meetings, and also attend various briefings organized by securities companies.

Due to the spread of COVID-19, from March 2020, financial results briefings and individual meetings have in principle been held via telephone or the web.

Major IR Activities	2018	2019	2020
Financial results briefings	2	2	2
Telephone conferences	1	3	4
Individual meetings with domestic institutional investors	106	80	118
Individual meetings with overseas institutional investors	112	113	99
Conferences organized by domestic securities companies attended	2	1	2
Briefing sessions for individual investors*	4	3	0

*In 2020, briefings for individual investors were cancelled due to the spread of COVID-19

Basic Policy on Shareholder Return

In order to further clarify its stance on the proactive return of profits to shareholders backed by business performance, Hoshizaki has established its basic policy on shareholder return from the fiscal year ending December 2019 as follows.

- With regard to dividends, we aim to achieve a consolidated dividend payout ratio of 35%, and we will endeavor 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

We have established quality assurance and service/support systems in order to provide products and services that live up to the expectations and trust of our customers, and we also listen to feedback from customers and promote initiatives for daily improvement. We also offer an all-encompassing range of proposals for comfortable environments with plans that are responsive to the demands of our customers.

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. In addition, we have obtained international quality standard ISO9001 certification 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 stage, we conduct repeated testing involving severe conditions, and only the technologies and parts that pass these tests are adopted and become part of our products. Furthermore, on our production lines, strict quality standards are set, and the system involves inspectors performing meticulous checks on each and every unit, with only products that pass the finished-product inspection (final inspection) being shipped to market. In addition, we thoroughly investigate the origins of any complaints from the market and reflect them in the development of the products that follow, as well as in any product improvements.

Links between product development and quality assurance

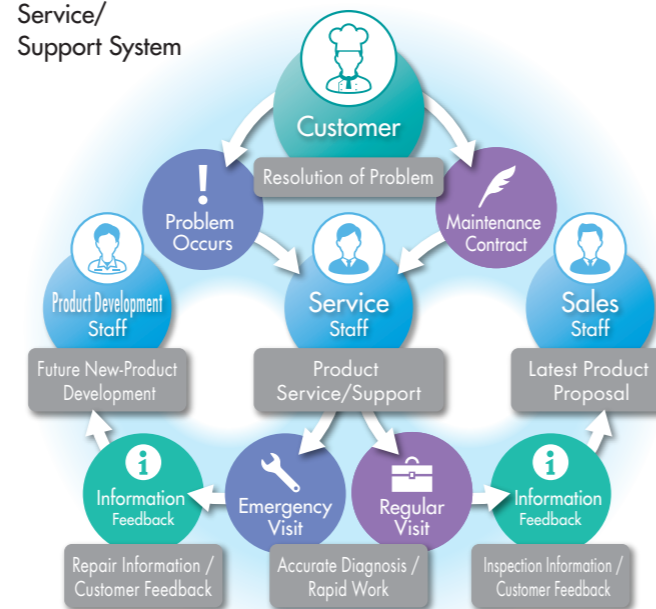


Service/Support System

The Hoshizaki Group is focused on its customer service and support. Service is provided by approximately 2,650 service staff at 15 distributors located throughout Japan. This system allows our service staff to immediately visit and deal with any problems that may arise. In addition, during our regular visits to the many of our customers who also enter into maintenance contracts, we offer support for breakdown prevention and systematic upgrades by photographing and listing the condition of equipment and providing advice on its use. The feedback we receive from customers during our visits is fed back into product development and to sales staff as appropriate.



Service/Support System



All-Encompassing Range of Proposals for Comfortable Environments

The Hoshizaki Group has approximately 150 design staff stationed at 15 distributors located throughout Japan, and plans more than 17,000 kitchens annually. Our unparalleled strength lies in our ability to meet the needs of our customers in a single package by providing all-encompassing planning that involves combining our products with those of other companies. For example, we provide high value-added kitchen plans that are hygienic and take work environments into consideration by combining customized products that match each customer's business type, zoning that leads to improved operations, and a system that allows foodstuff temperature records to be centrally managed via a PC. As a result of these efforts, we have installed around 5,300 complete kitchens per year in foreign-owned five-star hotels, hospitals with over 1,000 beds, company cafeterias, and Japan's first restaurant chain.

Example of kitchen plan proposal (using easily understood 3D image)



In addition to kitchens, we are also involved in the design and construction of large facilities that support cold chains, such as processing rooms in food processing plants, clean rooms and refrigerators in food warehouses, and refrigerators in produce markets.

Relationship with Suppliers

We are working together with our suppliers on responsible procurement in order to fulfill our social obligations throughout our supply chain.

Responsible Procurement

The Hoshizaki Group considers suppliers of raw materials and parts to be important partners, and strives to build trusting relationships through open, fair, and equitable transactions while also promoting responsible procurement in the supply chain, including suppliers, in order to earn the trust of society as a global company.

At the start of our transactions with suppliers, we ask for their understanding with respect to the Hoshizaki Group's basic procurement policy, and we also make use of a supplier checklist based on ISO rules to select suppliers based on evaluations of points including quality, stable supply, and sound management.

Communication with Suppliers

The Hoshizaki Group strives for more thorough understanding of its basic procurement policy by holding regular briefing sessions for suppliers. Even after commencing dealings, we periodically re-evaluate our suppliers based on our supplier checklist and request corrective actions from those who do not meet our quality requirements. During the spread of COVID-19, we conducted ad hoc state-of-business surveys of our suppliers. Furthermore, in order to engage in stable procurement, we have commenced a survey of not only our primary suppliers, but also our secondary suppliers.

In addition, in principle, Hoshizaki America conducts on-site audits of suppliers twice a year. In addition to quality policy and process management, the audit items include code of conduct, occupational health and safety, and environmental protection, and we are working with our suppliers to promote initiatives for sustainable procurement.



Supplier briefing

Relationship with Employees

We aim to create an environment that includes comfortable workplaces and enhanced human resource development systems so that all employees can maximize their individual abilities and be motivated and fulfilled in their work.

Aiming for a Comfortable Workplace

Promoting work-life balance

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. In order to facilitate the smooth return to work of female employees after childcare leave, employees have interviews with their department heads about their future careers before, during, and after their return to work, and we also have

introduced online courses that they can complete from home while they are on childcare leave. The percentage of female employees who take childcare leave is 100%, and Hoshizaki also encourages the taking of childcare leave by male employees. We will continue to strengthen our efforts to achieve a work-life balance as we aim to create a welcoming workplace environment where all kinds of staff can maximize their abilities.

Kagayaki Project Activities Promoting Women's Participation

Since FY2010, Hoshizaki and its domestic distributors have been promoting the Kagayaki Project, which is based on the vision of "becoming a company where excellent staff can easily work and play active roles, irrespective of gender." The project secretariat is composed of members from each Group company, and set a specific goal, called "LADIES10," of increasing the percentage of women in the positions at or above assistant manager level to 10% or more by FY2020. In addition to providing support for women's career development, the project is working on creating a comfortable working environment, and as of the end of December 2020, the percentage of women in positions at or above assistant manager level was 9.3%. Since the launch of the project, we have also set a

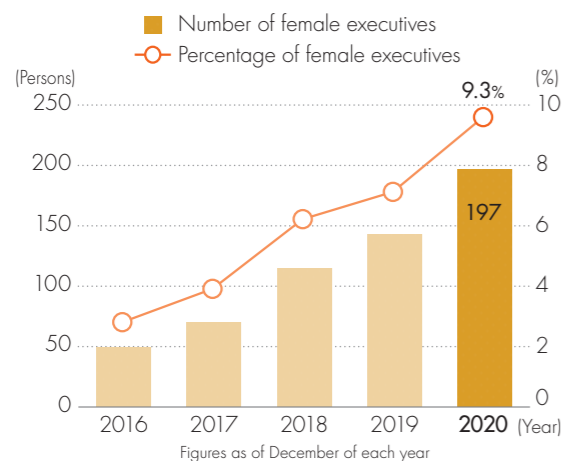
target of 30% for the number of women hired during new-graduate recruitment each year.

We will continue our efforts to promote diversity, including women's participation.

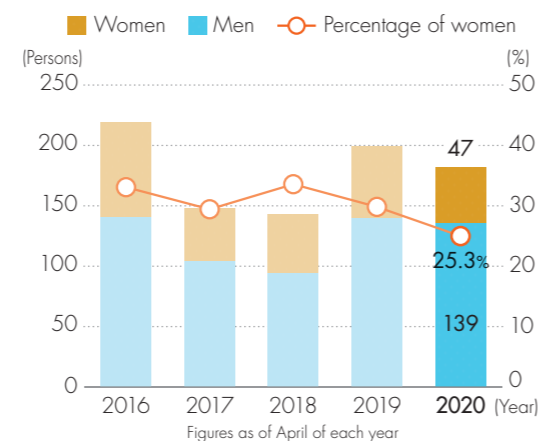


A Kagayaki Project Networking Event

Number of female executives company-wide



Number and percentage of new graduates employed that are women



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 11 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"). As we aim for certification for all domestic Group companies, we will continue our efforts to create an environment where employees can work comfortably and play active roles.



Creating Comfortable Work Environments

Hoshizaki aims to protect the health of its employees and create workplace environments where they can work with peace of mind, and one of its initiatives is the optimization of working hours. Proper management of working hours at Hoshizaki includes methods such as reminder e-mails sent to relevant supervisors when overtime work exceeds a certain threshold. The average

number of overtime hours worked per month in 2020 was 9 hours per person. In addition, in order to foster an environment where it is easy to take paid leave, Hoshizaki uses training programs and its intranet to promote awareness, understanding, and use of the paid leave system. The paid leave utilization rate for 2020 was 70%.

Human Resource Development

Training for Next-Generation Managers

Hoshizaki and its domestic distributors are actively working to develop human resources who will be involved in management in the future. We select executives and executive candidates who demonstrate excellence, and work on business case-studies and in-house issues in order to thoroughly develop their logical thinking and problem-solving skills, and in doing so strengthen their strategic conceptualization and strategic planning abilities.



Creating a Global Workforce

The Hoshizaki Group is strengthening its training of staff who can work overseas in order to respond to the accelerating pace of globalization,



conducting programs to strengthen language and business skills.

Service Training

The Hoshizaki Training Center was established as a place to improve the knowledge and skills of the employees who support the service and support systems that are the Hoshizaki Group's strengths. At the training center, classroom lectures cover product basics such as electrical and refrigeration training, but in addition to this, a great deal of role-playing training that uses mock-ups of refrigeration circuits

and the like to simulate on-site failure diagnosis and conversations with customers also takes place. Training to further strengthen technical skills also takes place in a training booth that reproduces an actual kitchen environment.



Fair Evaluations and Working Conditions

Hoshizaki understands the strengths and weaknesses of each employee, and operates a fair evaluation system that allows employees to develop as professionals as they use their abilities to the fullest. For general employees, evaluations and feedback take place twice a year based on the three factors of "job performance," "ability," and "attitude." For employees in higher-level

positions, evaluations focus on the "business execution" aspects of their work. In the past, domestic distributors had used mainly quantitative indicators in employee evaluations, but after a radical review of evaluation indicators and weightings in FY2020 to include qualitative items, evaluations at all domestic distributors have been unified to use a common methodology.

Relationship with Local Communities

Hoshizaki is promoting social contribution activities in order to be 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

Hoshizaki runs factory tours for local schools. We hope to be able to contribute to school education by allowing students to get a feel for the importance of things, the effort involved in work itself, and how interesting manufacturing can be.

In 2020, we accepted factory tours from nine schools after putting in place sufficient COVID-19 countermeasures, including temperature checks and sanitizer solution.



Elementary school students on a factory tour

Donations by The Hoshizaki Charity Club

The Hoshizaki Charity Club, of which roughly 75% of employees at Group companies in Japan are members, 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.

In 2020, we made donations to 14 organizations, including Children's Cafeterias and a municipality hit by torrential rains designated as a major disaster.

Support for Self-Reliance Support Activities for People with Disabilities

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

For some time now, Hoshizaki's head office factory in has allowed weekly visits from Mugino Hana, a continuing-work support office for people with disabilities located in Toyoake City, to sell handmade bread. In 2020, we donated a dough conditioner and a standing refrigerator to Mugino Hana's office.



Dough conditioner Standing refrigerator

Support for Hoshizaki Green Foundation Environmental Conservation Activities

The Hoshizaki Green Foundation was established in 1990 out of the founder's desire to pass on the nature in his hometown. One of the activities that embody this philosophy is the environment maintenance project. At Furusato Shakunouchi Park, which is a foundation facility in Kisuki-cho, Shimane Prefecture's Unnan City, maintenance work involving activities such as the planting of native plants is taking place in order to make the park a place where citizens can enjoy nature and at the same time home to many wild animals and plants. In 2020, Hoshizaki employees supported the foundation's activities by taking part in the planting work at the facility.



Planting by Hoshizaki employees

Donations to Prevent the Spread of COVID-19 in China

In January 2020, Hoshizaki was one of the first companies to provide its Group companies in China with masks, which were undergoing a shortage due to the spread of COVID-19. In February of the same year, in order to support the Chinese government in its efforts to prevent the spread of the virus,

we donated a total of 1.3 million yuan (approximately 20 million yen) to Suzhou City (Suzhou Industrial Park Charity Federation) and Shanghai City (Shanghai Red Cross Society), where our Group companies are located.

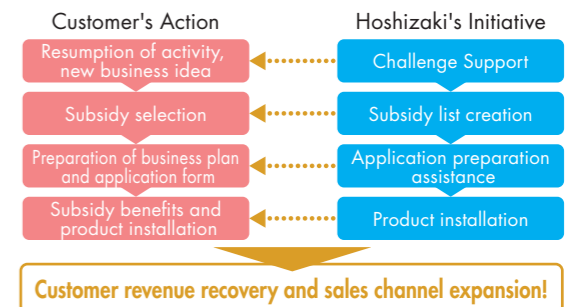
COVID-19 Response

As COVID-19 spreads all over the world, it is having a major impact on both societies and economies. The Hoshizaki Group is working more closely with customers than ever before, all the while ensuring the health and safety of our employees, customers, and suppliers.



Support for Customers Pursuing New Initiatives such as Take-Out and Online Sales

The market is undergoing major changes due to COVID-19 disaster, including growing demand for take-out and delivery options. Hoshizaki and its domestic distributors have launched the Hoshizaki Challenge Support program in support of our restaurant customers that are starting new initiatives such as take-out and online sales. For example, we help our customers expand their sales channels and recover revenue by suggesting take-out menus, providing advice on food and allergy labeling for online sales, and providing comprehensive support - from providing information to assisting with application forms - for subsidy systems.



Customer Support Site Launched on Hoshizaki Website

We have launched a support site that provides useful information to help customers comfortably use Hoshizaki products over the long term, including protocols for extended shutdown and resumption of operation of equipment, such as in the event of temporary store closures, and also what to do in the unlikely event of a disaster. In addition, Hoshizaki's original in-store posters for locations implementing countermeasures against COVID-19 have also been made available and put to use.



Homepage
<https://www.hoshizaki.co.jp/p/support/>



COVID-19 Prevention Measures and Operational Status

The Hoshizaki Group places the highest priority on the health and safety of its employees, and has established an internal COVID-19 Task Force to prevent infection.

Domestic Locations

From April 2020 to March 2021, we have been taking various measures to prevent infection, including implementing furloughs and telework, encouraging staggered work hours, banning overseas business trips in principle, refraining from domestic business trips, and staggering lunch breaks in employee cafeterias.

Overseas Locations

Some of our production sites adjusted their production temporarily, but as of 2021, they are operating normally. In addition, we are creating and proceeding with an orderly changeover to telework environments for work that is compatible with that method.

Initiatives to Reduce Environmental Impact

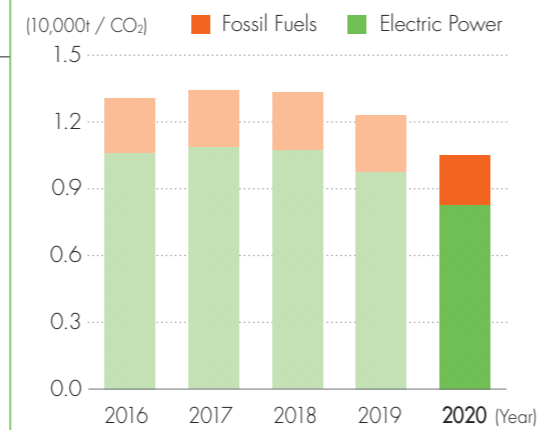
The Hoshizaki Group recognizes the need to control greenhouse gas emissions as an issue directly related to its business. In addition, we are actively working to reduce waste emissions, promote the three 'R's, and eliminate CFCs in our products.

Preventing Global Warming

● Efforts aimed at reducing CO₂ emissions

At Hoshizaki, in order to reduce the CO₂ emissions from sources of energy for its business activities, both manufacturing and back-office 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 required for transport through efforts to reduce product weights and component counts in the design stages, and to reduce the amount of electric power consumed through improved production processes. CO₂ emissions in FY2020 were 10,492 t-CO₂ (85.4% of the amount for the previous year), due to both the above-mentioned efforts and a decrease in production volume caused by the spread of COVID-19. We will continue to make efforts to reduce CO₂ emissions by promoting the introduction of power-saving equipment and the improvement of production processes.

Changes in Electric Power / Fossil-Fuel CO₂ Emissions



Thorough Incorporation of Energy Conservation in Products

To reduce its environmental impact, Hoshizaki is constantly working to improve its products with the aim of developing energy-saving and other environmentally friendly products. With the launch in March 2020 of the door-type dishwasher with built-in gas booster, space-saving installation has been made possible with an industry-first incorporation of a small, dishwasher-dedicated

water-heating unit included inside the dishwasher housing. In addition, improved combustion efficiency reduces the amount of gas consumed to boil water compared to conventional models, and conserves energy by eliminating combustion to maintain rinse water temperature during standby periods.

Door-type dishwasher with built-in gas booster

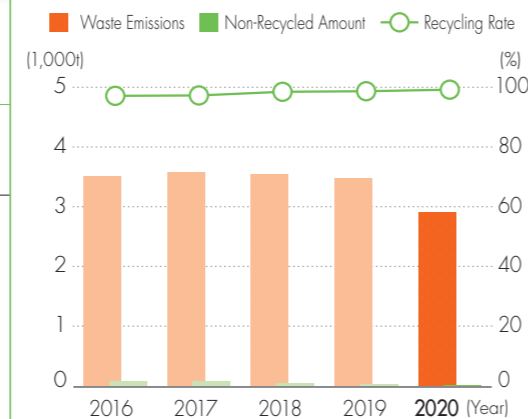


Suppressing Waste Generation

● Efforts aimed at suppressing waste generation

Hoshizaki is actively implementing the three 'R's (Reduce, Reuse, Recycle) by working to improve yield rates for metal materials (getting more parts out of one piece of metal material), improve yield rates for plastic materials, reduce defects during manufacturing processes, and thorough inventory management. The amount of waste generated in FY2020 was 2,891 tons (83.6% of the amount for the previous year), due to both the above-mentioned efforts and a decrease in production volume caused by the spread of COVID-19. In addition, we achieved a

Changes in Waste Emissions



recycling rate of more than 99.0% at the head office and Shimane factories through the promotion of waste separation and reuse. We will continue to promote suppression of generated waste and make efforts to further improve our recycling rates.

CFC and Chemical Substance Management

● Basic Position on elimination of CFCs

In order to deliver more environmentally friendly products to our customers, Hoshizaki is working to reduce the amounts of hazardous substances contained in our products and to promote manufacturing of products that comply with laws and regulations such as the European RoHS Directive*, and

is also pursuing initiatives to make our refrigerants and foaming agents CFC-free.

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

● Elimination of CFCs in insulation materials

CFCs are used as foaming agents in insulation materials, and we have been promoting technological innovation with respect to their use as we see it as one of the issues to be addressed in improving the environmental performance of our products. In 2007, Hoshizaki began production of CFC-free table-type refrigerator-freezers and beer showcases that use cyclopentane as a foaming agent. In 2012, we expanded this CFC-free insulation methodology to standing refrigerators, and this has achieved a reduction in greenhouse gas emissions. Furthermore, in August 2020, we completed our changeover to use all CFC-free foaming agents.

Table-type refrigerator-freezer



● Elimination of CFCs in refrigerants

In Europe, there are growing calls for the elimination of CFCs, as evidenced in initiatives such as the 2022 ban on the sale of equipment using alternative CFC refrigerants (the F-Gas Regulations). In 2009, we commenced the manufacture and sale of the world's first commercial ice machines that use propane (R290), a natural refrigerant, and since then have continued to make further improvements and are working to expand our product lineup. One example of this can be seen in Hoshizaki Europe's development and launch of a CFC-free ice dispenser in 2019 and crescent ice machine in 2020.

Crescent ice machine

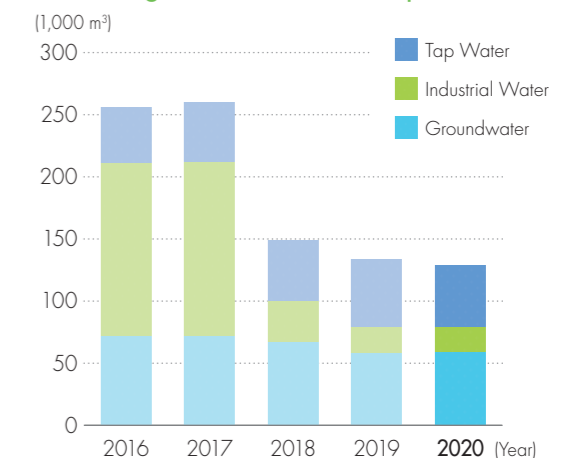


Efforts to Protect Water Resources

● Water consumption in production processes

Water is used in Hoshizaki's production process for limited purposes such as indirect cooling. In addition, our factories are located in areas that have low risk of water shortages, etc., and use tap water, industrial water, or groundwater as appropriate depending on the situation in each region. In order to use water resources appropriately, we monitor the amount we use and make efforts to reduce it. Water consumption in FY2020 was 129,000 m³ (96.2% of the amount for the previous year), due in part to a decrease in production, of which 50,000 m³ was tap water, 20,000 m³ was industrial water, and 59,000 m³ was groundwater.

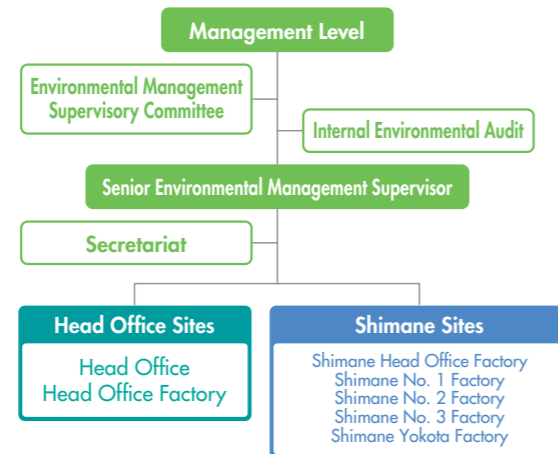
Changes in Water Consumption



Environmental Management System Promotion Organization Structure, Materials Flow, Environmental Goals and Achievements

Environmental Management System Promotion Organization Structure

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 Results

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

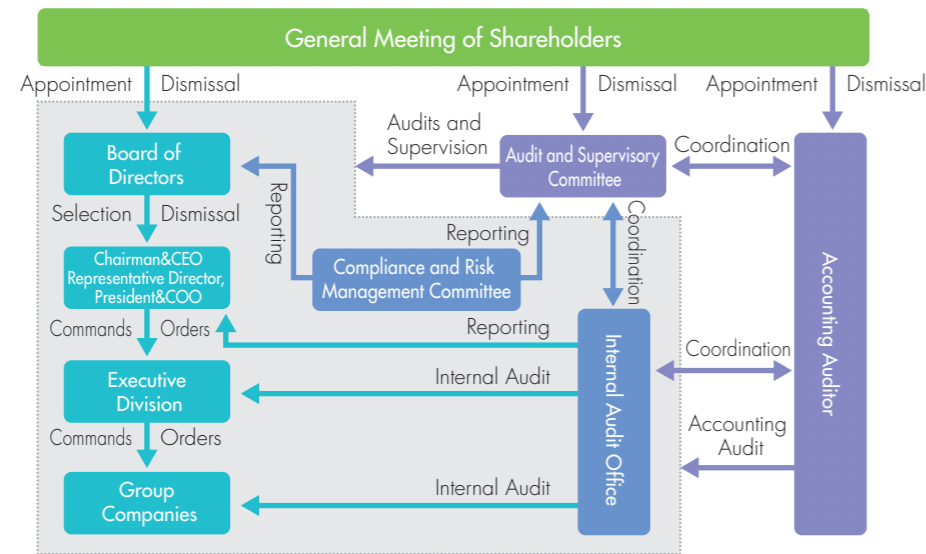
	FY2020 Goals	Results	Comments	FY2021 Goals
Energy Conservation	Energy Consumption Rate 7% Reduction Compared to FY2013	✕	Due to the impact of the spread of COVID-19, we were unable to achieve our goals as a result of a significant decrease in figures for revenue and added value.	Energy Consumption Rate 2.8% Reduction Compared to FY2013
Suppressing Waste Generation	Metal Work Scrap Yield Rate 3.7~7.5 Point Improvement Compared to FY2008 4.5 Point Improvement Compared to FY2013 0.034 Point Improvement Compared to FY2016 (Goal Values Set by Each Department)	▲	By product group, we were unable to achieve goals due to the large fall (in revenue) of mainstay products with high yield rates.	Metal Work Scrap Yield Rate Goal Values Set for Each Department and Process
	Plastic Material Work Scrap Yield Rate 6.0~18.0 Point Improvement Compared to FY2008 (Goal Values Set by Each Department)	✕		Plastic Material Work Scrap Yield Rate Goal Values Set by Each Department
	Defective Product Incidence Control Goal Values Set According to Each Department, Incidence Process, and Incidence Cause	▲		Despite the introduction of predictive maintenance and a buildup of small improvements, some departments were unable to achieve their goals due to defects caused by changes to materials, etc.
Transport Load Reductions	Loading Size (Loading Rate) Improvement 0.1~0.3 Point Improvement Compared to FY2019 (Goal Values Set by Each Site)	✕	Shipment volumes decreased, so the loading volume per vehicle for transportation also decreased, and we were not able to achieve our goals.	Loading Size (Loading Rate) Improvement Goal Values Set for Each Site
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.	Research Aimed at Changing to Low-GWP* Refrigerants
Product Development	Further Energy Savings in Showcases and Rapid Chillers	○	We were able to achieve further energy savings by optimizing the cooling units to improve the heat insulation performance of the main units in our showcases, and also by adopting inverter compressors in our rapid chillers.	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.

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.