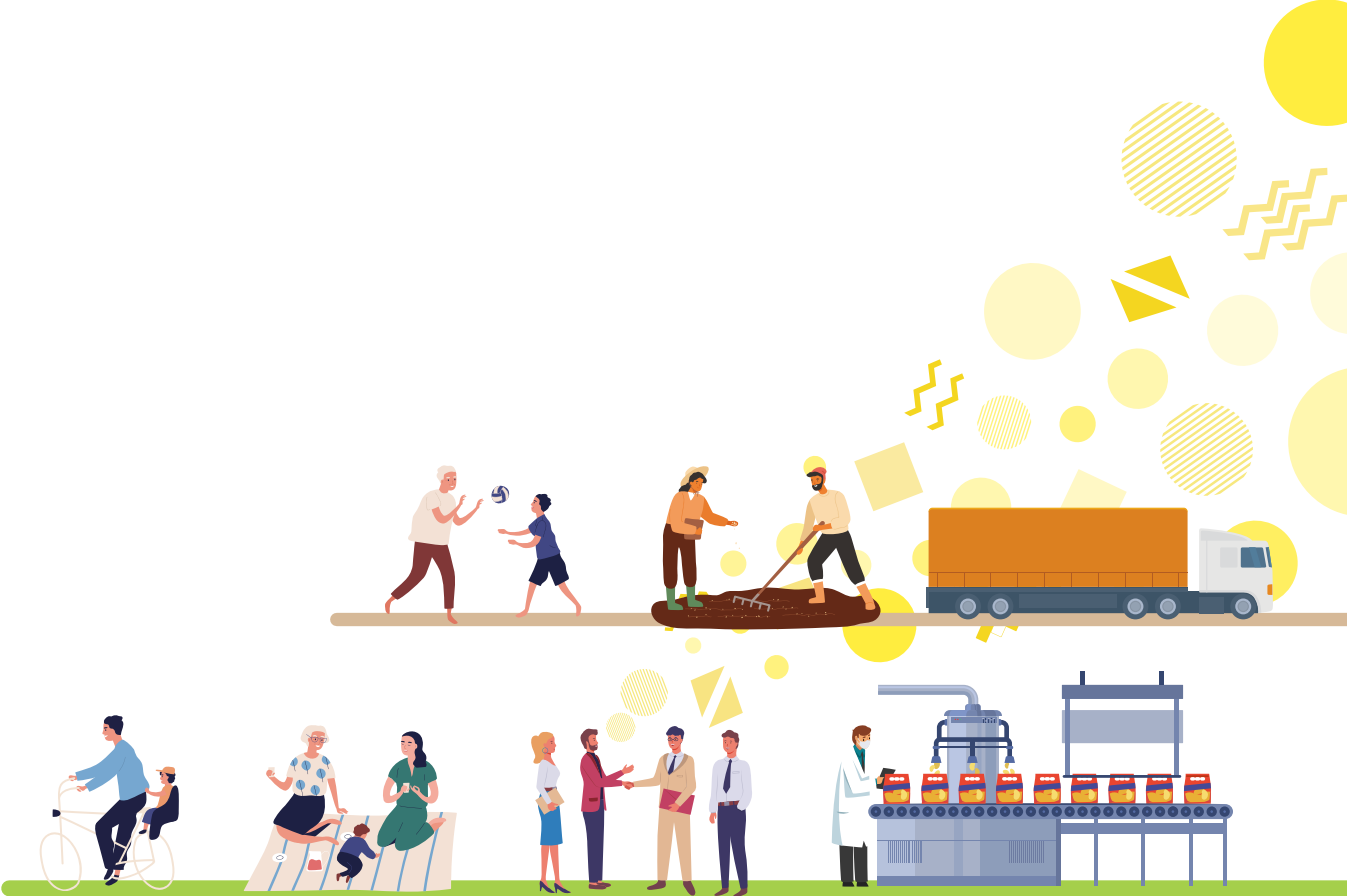


**Calbee**

Harvest the Power of Nature.

# ***Calbee*** ***Report 2022***

Calbee Group Integrated Report



# Our Value

Corporate Message

**Calbee**

Harvest the Power of Nature.

Group Vision

We must earn respect, admiration and love firstly of our customers, suppliers and distributors, secondly of our employees and their families, thirdly of the communities, and finally of our stockholders.

Corporate Philosophy

We are committed to harnessing nature's gifts, to bringing taste and fun, and to contributing to healthy life styles.





# Harvest the power of nature. Create the future of food.

Turning nature's gifts into new value to deliver.

Calbee Group has collaborated with a wide range of stakeholders to build a value chain, assuming the role of establishing connections between agricultural industries and customers.

Amid significant changes in peoples' values, ways of life, and the environment in which we live, the value people seek from food is changing too.

At Calbee Group, we are working together with our stakeholders to create the new future of food.

# Contents

## SECTION 1 The Calbee Group's Goals

- 04 Top Messages
  - 04 CEO's Message
  - 08 COO's Message
- 09 At a Glance
  - 09 Calbee Group by the Numbers
  - 10 A Growth Trajectory that Can Capture the Changing Times
- 11 Value Creation Process
- 12 Financial and Non-Financial Highlights

## SECTION 2 Value Creation at the Calbee Group

- 14 Value Creation Story – Creating the Future of Food
  - 15 Story 1 Deepening Core Business in Japan
  - 17 Story 2 Global Penetration of Brand Value
  - 21 Story 3 Sweet Potato Business Utilizing Potato Expertise
  - 23 Story 4 Creating New Value Centered on Customers' Issues
- 24 Medium-Term Business Plan
- 26 Financial Strategy
- 28 Foundational Strategy
  - 28 Promote DX (Digital Transformation)
  - 29 Human Resource Development

## SECTION 3 Sustainability

- 31 Eight Material Issues (Materiality)
  - 32 Assurance of Food Safety
  - 33 Response to Health-Conscious and Diversifying Lifestyles
  - 34 Progress of Sustainable Agriculture
  - 36 Ensuring the Sustainability of Raw Materials and Logistics with Improved Efficiency
  - 37 Caring for the Earth
  - 41 Foster Deeper Connections with People, Local Societies, and Communities
  - 42 Promote Active Roles for All Employees Based on Diversity
  - 44 Priority Themes and Major Measures

## SECTION 4 Corporate Governance

- 46 Corporate Governance

## SECTION 5 Data

- 57 History of the Calbee Group
- 59 Financial Information
  - 59 Overview by Business Segment
  - 60 10-Year Summary
- 62 Corporate Information

### Editorial policy

*Calbee Report*, the Calbee Group's integrated report, has been published since the fiscal year ended March 31, 2018, with the intent of introducing stakeholders to the Group's corporate philosophy, management policies, and medium- to long-term value creation. For the fiscal year ended March 31, 2022, the Group has developed value creation stories aimed at achieving its 2030 vision, "Next Calbee—Harvest the power of nature. Creating the future of food." In addition, the Group also compiled detailed information on its eight material issues (materiality), priority themes that form the foundation for sustainable growth. We hope that this report will help stakeholders better understand the Calbee Group's activities to create corporate value.

**Period covered** April 1, 2021, to March 31, 2022 (Information from outside this period is presented where appropriate)

**Organizational scope** Calbee Group, comprising Calbee, Inc., and its consolidated subsidiaries

**Issue date** October 2022

#### Guidelines used for reference

Ministry of Economy, Trade and Industry (METI):  
Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation


International Integrated Reporting Council (IIRC):  
International Integrated Reporting Framework

#### Concerning descriptions regarding forward-looking statements

In addition to facts about the Calbee Group, this report also includes forward-looking statements based on information available to Calbee, Inc., at the time they were written. Various factors could cause actual results to differ materially from expectations.

#### Calbee Group website

 **Investor Relations** <https://www.calbee.co.jp/en/ir/>

 **Sustainability** <https://www.calbee.co.jp/sustainability/en/>



# SECTION 1 The Calbee Group's Goals



**Shuji Ito**  
President & CEO

## Top Messages

# CEO's Message

**Facing changes in the business environment and addressing social issues toward being a company that creates the future of food**

## Recognizing challenges and changes to the environment

2021 was a year in which we saw great changes to our business environment: the continuation of the COVID-19 pandemic, soaring raw materials and energy prices driven by the global geopolitical situation, logistical disruptions and shortages of raw materials due to climate change. The Calbee Group is founded on products created from natural ingredients, and the risk of price rises and shortages of food oils and raw materials had a particularly large impact on our business. Amid these backdrops, in the mid-term management plan from the fiscal year ended March 2020, consolidated net sales are on track as planned, mainly due to the growth of overseas business and entry into the sweet potato business. On the other hand, operating profit has fallen short. Under these circumstances, not only must we recover profit in response to cost increases but, as competition for resources intensifies, we must establish supply chains and food security systems that give due consideration to the environment and human rights, over the medium- to long-term. In addition, the pandemic has dramatically changed people's lifestyles, sense of value, and purchasing behaviors, creating a new normal. We believe it is a major challenge for us to respond the changes.

And yet, despite these big changes to the business environment, our four responsibilities to our customers remain the same: safety, quality, cost, and supply. While we work to ensure that this commitment is not forgotten within the company, we are implementing a number of short-, medium-, and long-term measures. First, we seek to strengthen our ability to offer a stable supply of products by diversifying raw material production locations and suppliers. We also plan to implement flexible price and content revisions in response to increases in raw material, and energy prices both within Japan and overseas.

However, our efforts are not limited to simply responding to cost increases. We are also working to raise the value of our products by establishing sustainable raw materials procurement, raising productivity through the food business structure as a whole, and pursuing better tasting food products through improvements in processing technology. To deliver this value to customers, we believe new perspectives—including through collaboration with domestic and overseas partners—are necessary.

The Calbee Group's Long-term Vision for 2030 is "Next Calbee—Harvest the power of nature. Creating the future of food." As a food company, we aim to answer the changing needs of our customers, take the initiative in addressing social issues and changes in the business environment, and realize sustainable growth and create value for society.

### Providing new value that captures changes in our customer's lifestyles

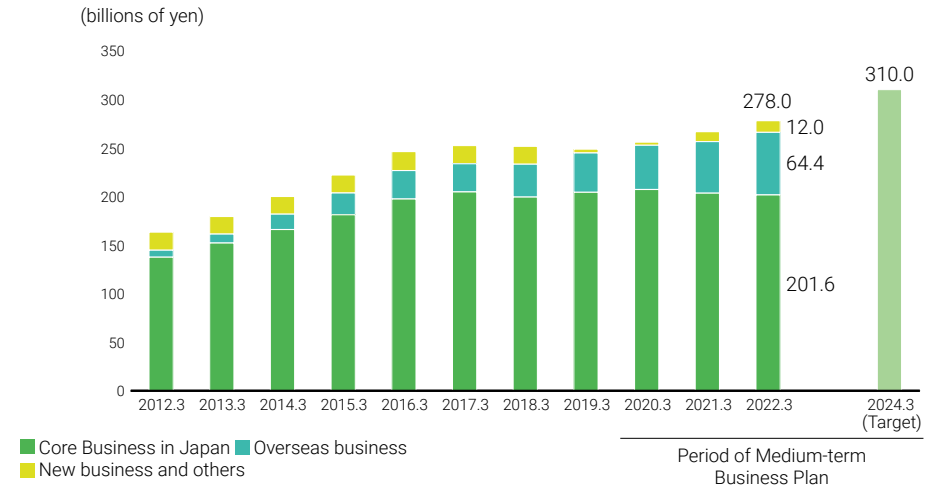
In Japan, many people are spending more time eating at home due to the increase of telecommuting and mobile work and the reduction in opportunities to meet with large groups of people. This has led to more occasions for eating snacks and cereal foods beyond breakfast and snacking between meals. While the value we provide in terms of taste and fun remains the same, that value is also changing due to shifts in our customers and the places and occasions in which we serve them. Amid this transition, I believe that we need to work together with our customers to create new value. (▶ [P15: Deepening Core Business in Japan](#))

In addition, there is a growing awareness of food-related sustainability, especially among the younger generation. In this context, we are currently implementing initiatives in an effort to communicate not only the taste and fun of Calbee's products to customers but also the value of our supply chain as a whole. One of the initiatives is to start switching to RSPO\*-certified palm oil (mass balance method) at all our plants in Japan and displaying the certification mark on the packages of our mainstay products. At the same time, we will continue to earnestly communicate our efforts through food communication (dietary education, factory tours, etc.). (▶ [P30: Sustainability](#))

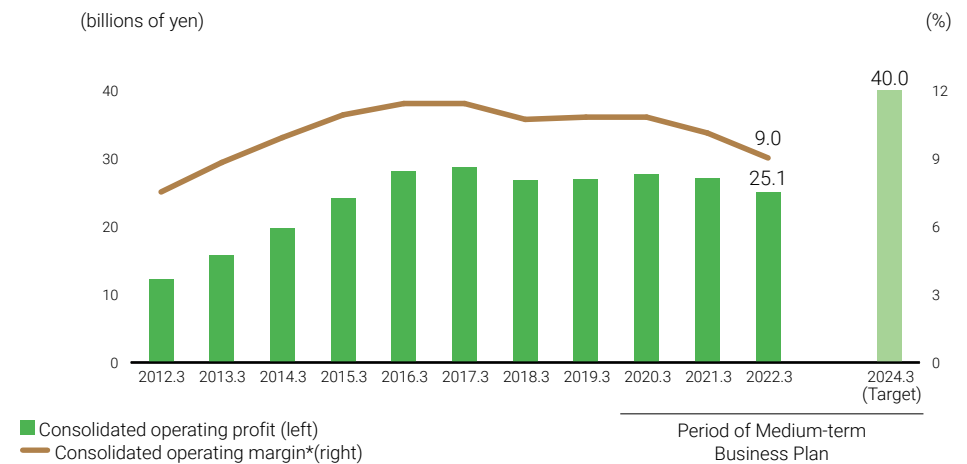
\* RSPO is the abbreviated name of the Roundtable on Sustainable Palm Oil, a non-profit membership organization established by WWF (World Wide Fund for Nature) and stakeholders related to the palm oil industry (manufacturers, retailers, environmental organizations, etc.)

## 10-Year Review of Results

### Consolidated Net Sales\*



### Consolidated Operating Profit



\* For gross sales.

## Growing overseas business

I believe that expanding the value of the Calbee Group's overseas products is a major pillar of future sustainable growth. The Calbee brand has only just begun to gain recognition overseas, and we intend to promote growth in overseas business by introducing global brands that leverage the strengths we have cultivated in Japan and local brand products that match the tastes of each market.

In Europe and the United States, we are promoting products in the health conscious "Better for you" snack category, such as *Harvest Snaps*. In the ethnic foods market (Asian foods sections) in the U.S., product brands such as *Jagarico* and *Kappa Ebisen* are gradually gaining in popularity. In the Greater China region, demand from tourists to Japan has fostered a strong recognition for the Calbee brand. We intend to capture market growth by expanding snack and cereal product varieties, and by enhancing our production base to include countries in the ASEAN region.

[▶ !\[\]\(e474458956c9a37fbf9586ddb60a7fa1\_img.jpg\) P17: Global Penetration of Brand Value](#)

## Expanding business in new food domains

To date, Calbee Group have been refining our strengths, centering on the potato business, which currently accounts for about half of our sales. This is a manifestation of our strength over other companies, but also a potential risk in terms of climate change and geopolitics. Going forward, in response to the risks, we want to achieve a diversified business portfolio so that we can always adapt to change and achieve sustainable growth. Therefore, an important aspect of our business is to expand into new food areas.

One such business area is that arising from the expansion of natural ingredients. We launched our sweet potato business through the acquisition of Potato Kaitsuka Ltd. and will accelerate business growth by leveraging synergies from our expertise gained in the potato business, expanding procurement sources and improving productivity. Furthermore, the Calbee Group intends to develop more business domains in natural ingredients, such as beans and oats, where we already possess strengths. [▶ !\[\]\(870f5d5e9c0d57485634be3ecf52f3ca\_img.jpg\) P21: Sweet Potato Business Utilizing Potato Expertise](#)

Another business area is the domain of contributing to good human health and wellness. Amid a variety of issues related to health and wellness, we are particularly focused on solving issues related to sleep. We intend to create value in our new business by using food to foster good health wellness. [▶ !\[\]\(4fe57c3593bf1b21d272ae7ac8dfaf77\_img.jpg\) P23: Creating New Value Centered on Customers' Issues](#)

## Human resources and DX (digital transformation) as the foundation of management

The most important asset for future business transformation is human resources. The Calbee Group aims to create an organization that can think constantly about creating new value and where everyone can play an active role by making the most of their diversity. In terms of diversity and inclusion, more important than indices such as the ratio of female managers is conveying the diversity of each individual. To expand overseas businesses, we will also have to develop human resources with a global mindset.

Companies need to enhance their opportunities and mechanisms so that employees have a strong sense of ownership and feel comfortable undertaking challenges. We believe in the importance of enhancing the psychological safety of all employees. As such, it is important that each individual's career actualization and Calbee's sustainable growth move in the same direction. In other words, both Calbee and its employees must think about how to provide value to stakeholders, including customers, and how each employee can envision and implement the future of food. (▶️📖 P29: Human Resources Development)

The other thing that will provide the foundation for a major business transformation is digital transformation (DX). We are working on each of our value chains while considering how we can utilize information from within our businesses and products and redirect it to creative initiatives. In the area of production, we are currently making progress on implementing next-generation DX-based production at our new Hiroshima Factory (scheduled to begin operations in FY2025/3). Furthermore, in marketing and product planning, we intend to create new value by using DX to evolve the customer relationships and points of contact that we have cultivated over the years. (▶️📖 P28: Promote DX)

## Balancing social and economic value by fostering correct circulation

As expressed in our corporate message, "Harvest the Power of Nature," the value we provide is to harness nature's gifts, such as agricultural and marine produce, to deliver products that are tasty, fun, and healthy. We believe that the Calbee Group's raison d'être is to be a bridge between nature and consumers, to deliver products, and to contribute to both nature and society. Overuse will deplete natural resources, which we must not do. However, we should not upset the balance by not using them. Our role is to foster correct circulation by balancing supply and demand, and to continue to provide value.

Uncertainty is rising in the business environment around Calbee and there is an even greater need to address issues such as the environment, the labor burden in the supply chain,

and human rights. Against this backdrop, we aim to realize both social and economic value and maintain correct circulation by using food to solve social issues. We will also create a new future for food while keeping sustainability at the core of our management.

I would like to ask all of our stakeholders for their continued understanding and support of the Calbee Group.

**Next  Calbee**  
Harvest the power of nature. Creating the future of food.

**Toward 2030**

**Establish our pivotal growth drivers in overseas markets and new food domains**



October 2022

President & CEO



# COO's Message



**Makoto Ehara**  
Executive Vice President & COO

## The Challenge of Growing Businesses for a New Era

As stated in our Group Vision, the Calbee Group must provide sustainable value to our stakeholders: customers, suppliers, employees and their families, communities, and shareholders. To this end, we recognize that what is now required of the Calbee Group is to provide new value for a new era under the unchanging banner of Our Value, and to set the direction for the next stage of our growth. I believe it will be vital for us to reform our business structure based on deepening our core domestic business, expanding our global operations, and establishing businesses in new food domains I want us to tirelessly pursue the challenge of creating new growth businesses.

The Calbee Group's current policy for creating new businesses can be broadly categorized into two approaches. The first is "expanding our strengths" by leveraging the raw material procurement capabilities and natural ingredient processing technologies we have developed in our core businesses. In April 2020, we welcomed Potato Kaitsuka Ltd. into the Group and entered the sweet potato business. We believe there is an opportunity to capitalize on the expertise we have cultivated in the potato business amid the growing demand for sustainable agriculture, and plan to work with producers to expand new materials platforms, such as beans. The second approach is "new business exploration" by investing in areas with great potential for future growth, starting from customer problem solving. Our particular focus now is on improving people's intestinal environment and sleep quality through food. We have begun taking on challenges in new areas, such as the launch of *Nyumin*, Calbee's first functional food, and investing in S'UIMIN Inc.

To realize our 2030 Vision, we will steadily increase profitability in our core domestic businesses, while at the same time identifying growth areas and strategically allocating human resources, funds, and other resources. We will also consider business alliances and M&A that leverage both internal resources and external capabilities, and seek to move forward at a faster pace.



At a Glance

# Calbee Group by the Numbers

## Domestic market share **No. 1**

 **Snack foods**

 **Cereals**

# 52.8% 33.1%

Source: INTAGE Inc., SRI+ based on cumulative sales value nationwide, all retail formats, for the fiscal year ended March 31, 2022 (April 1, 2021 to March 31, 2022)  
Snack foods market share: Total of Calbee, Inc. and Japan Frito-Lay Ltd.

**No. 1** among domestic private companies

Number of contract potato farms

Approx. **1,700**



Number of potato varieties cultivated by Calbee

**4**



Number of packages produced domestically per year\*

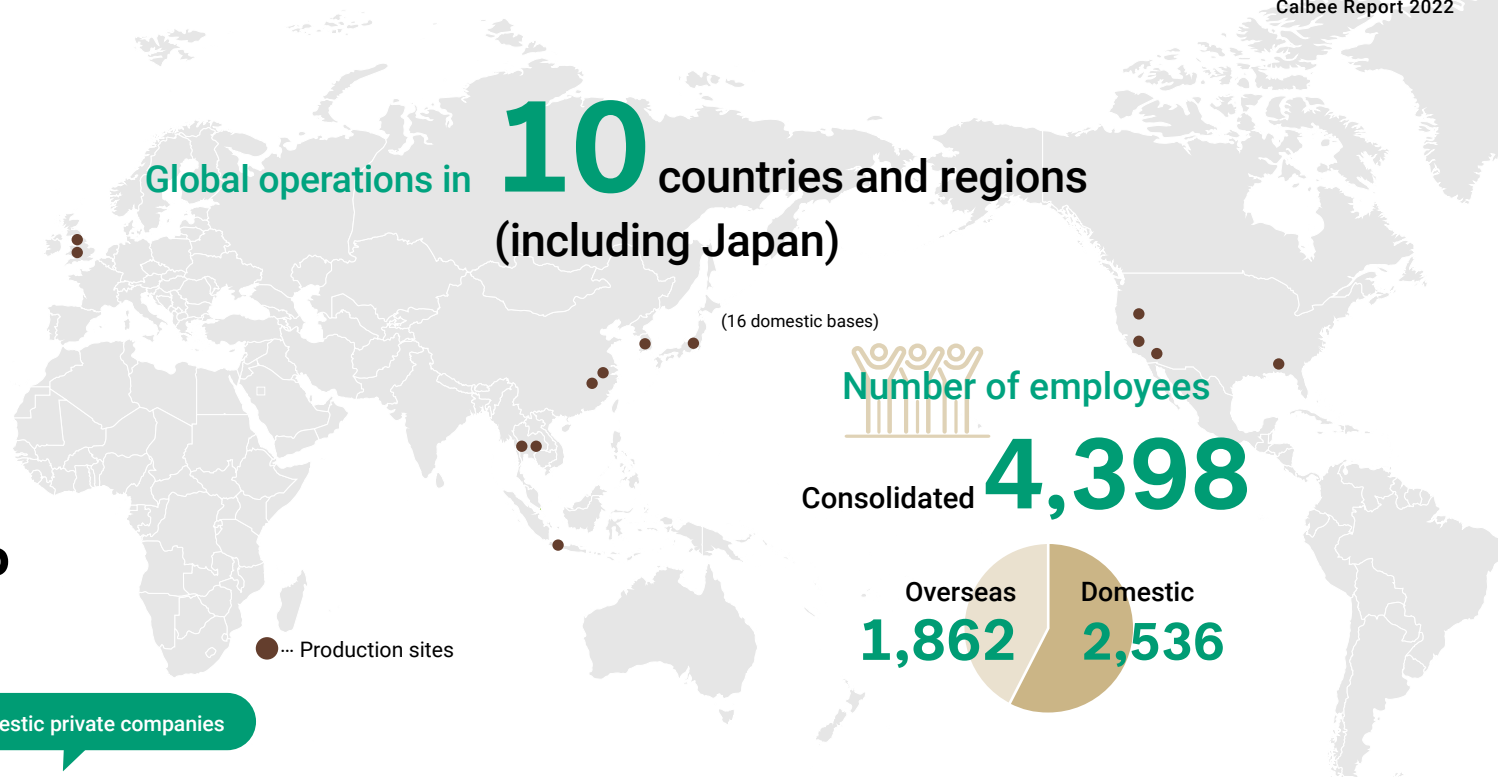
Approx. **2.1** billion



\* Total produced in Japan by Calbee, Inc. and Japan Frito-Lay Ltd.

Number of brands with sales of ¥10 billion or more

**6**

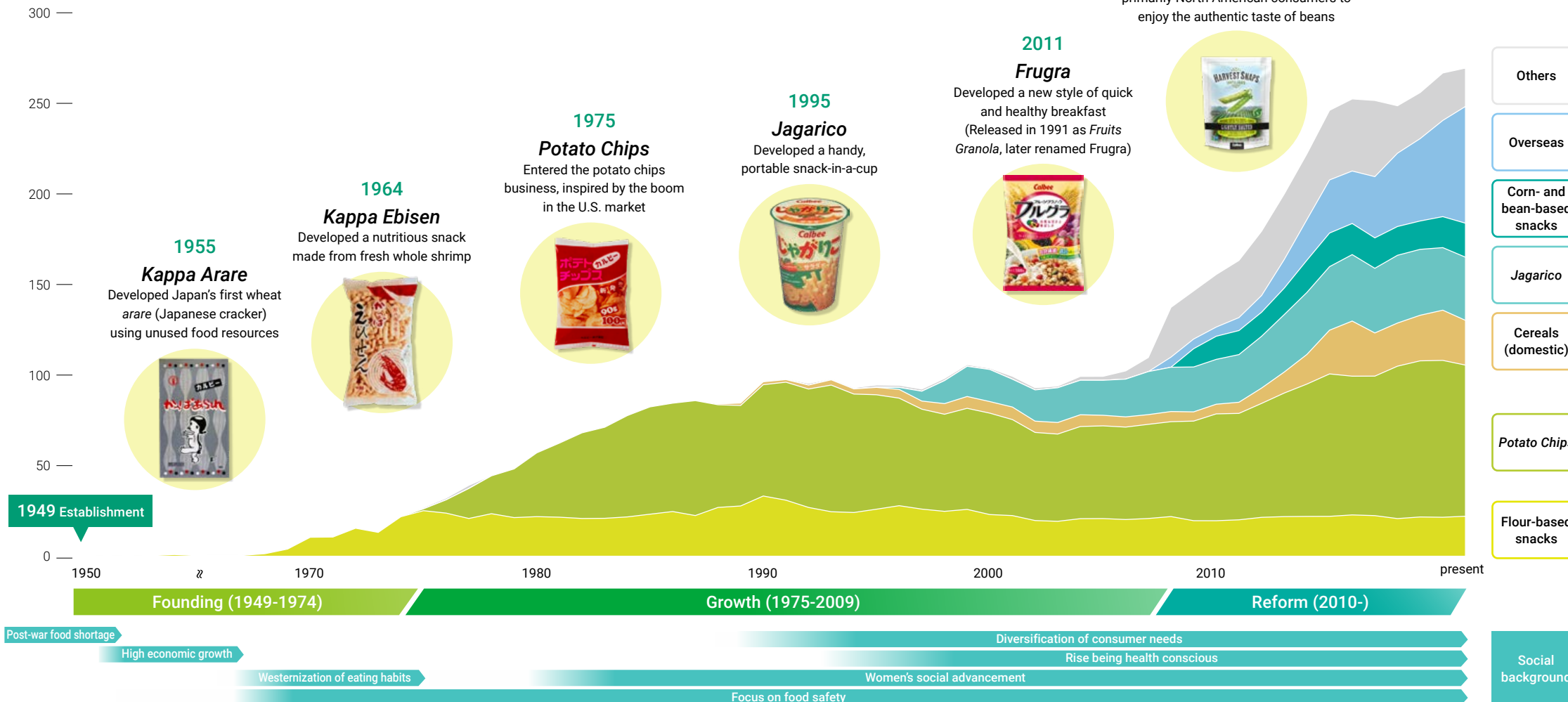


At a Glance

# A Growth Trajectory that Can Capture the Changing Times

Since our establishment, the Calbee Group has worked to resolve social issues related to food by harnessing nature's gifts to create tasty and fun products. We will continue to innovate and take on new challenges, contributing to healthy lifestyles.

Consolidated net sales (Billions of yen)



# Value Creation Process

The Calbee Group has created a value chain that allows it to provide tasty, fun, and healthy products utilizing nature's blessings amid ever-changing social issues and conditions. Going forward, we will continue to create social and economic value by taking advantage of our strengths and taking on challenges.

### The market economy

- Intensifying competition over resources due to globalization
- Growth of emerging markets and the middle class
- The Japanese market's shrinking presence on the world stage
- Widening inequality from uneven distribution of wealth

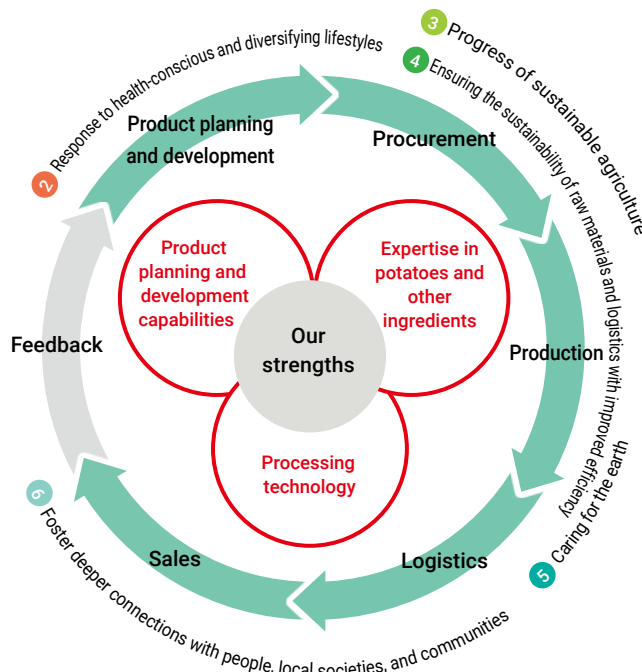
### Social structures

- Declining birthrate, aging population, and the rise of single-person households
- Eating habits trending toward individualization and convenience

### Management Resources

- Stable cash flow from operating activities
- Strong financial base
- 16 production sites in domestic consumer areas
- Domestic manufacturing bases capable of processing imported potatoes
- 12 overseas production sites
- Proprietary processing technology that takes advantage of natural ingredients
- Expertise related to raw materials
- Know-how for improving productivity
- Brands with sales of ¥10.0 billion or more
- Diversity & Inclusion Management
- Human resource system that promotes active participation of all employees
- Collaborative ties that include ties with production areas, producers, governments, universities
- Annual procurement from contract farmers of over 300,000 tons of domestic potatoes and over 20,000 tons of domestic sweet potatoes
- Development of potato and sweet potato varieties
- Ability to make proposals as a manufacturer with the top domestic market share

## Business Activities and Calbee's Eight Material Issues (Materiality)



- Quality Assurance** 1 Assurance of food safety
- Human Resources** 7 Promote active roles for all employees based on diversity
- Corporate Governance** 8 Enhance corporate governance

## Vision for the Medium- to Long-Term



**Toward 2030**  
Establish our pivotal growth drivers in overseas markets and new food domains

### 2030 Targets

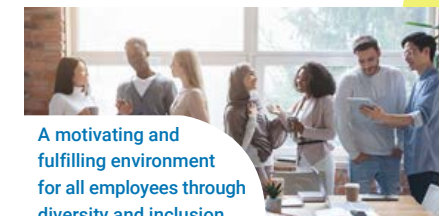
Overseas sales ratio  
Over **40%**

New food domains sales ratio  
Over **20%**

### Sustainability Targets

P44

## Creation of Social and Economic Value



**Corporate Philosophy** We are committed to harnessing nature's gifts, to bringing taste and fun, and to contributing to healthy life styles.



# Financial and Non-Financial Highlights

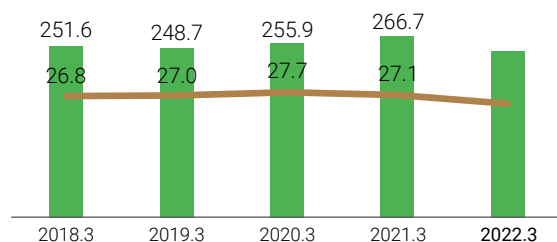
\*1 Regarding consolidated net sales, the revised Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) has been applied from the beginning of the fiscal year ended March 31, 2022. As a result, rebates and other items were previously accounted for as selling, general and administrative expenses, but the Company has changed to a method of deducting these items from net sales.

## Consolidated net sales\*1 / Consolidated operating profit

(billions of yen)

Consolidated net sales **¥245.4 billion**

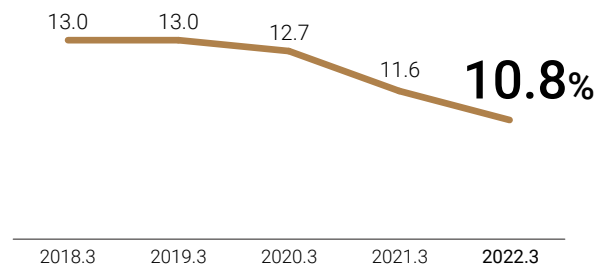
Consolidated operating profit **¥25.1 billion**



■ Consolidated net sales — Consolidated operating profit

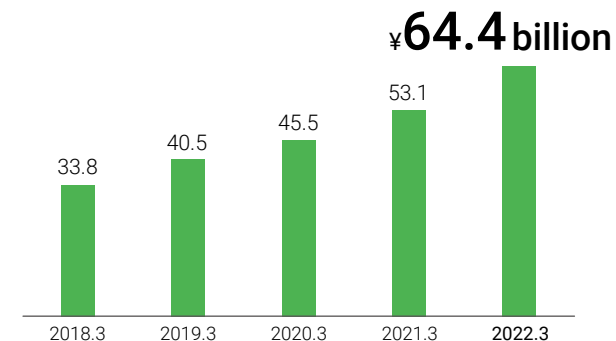
## Domestic operating margin (for gross sales)

(%)



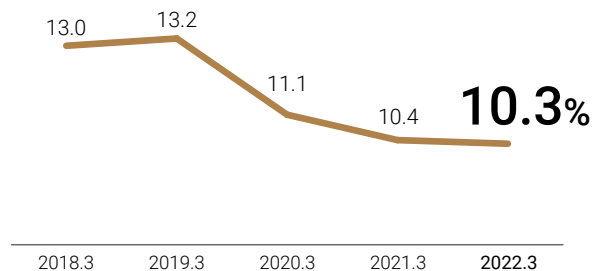
## Overseas net sales (for gross sales)

(billions of yen)



## ROE

(%)

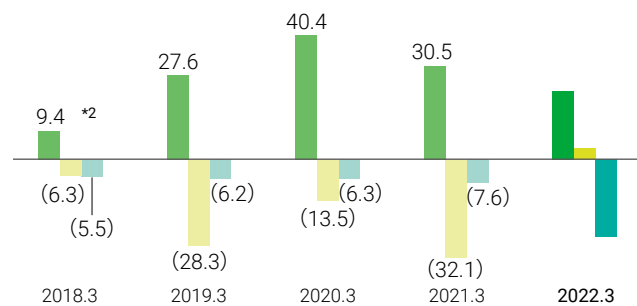


## Cash flows (CF)

(billions of yen)

Operating CF **¥22.3 billion** Investing CF **¥3.6 billion**

Financing CF **¥(25.2) billion**

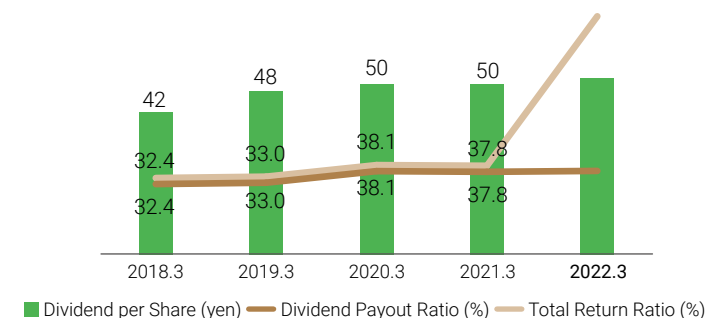


■ Operating cash flows ■ Investing cash flows ■ Financing cash flows

\*2 Cash flows from operating activities for the fiscal year ended March 31, 2018, were primarily affected by the impact of bank holidays at the end of the fiscal year.

## Dividend per Share / Dividend Payout Ratio / Total Return Ratio

Dividend per share **¥52**  
Dividend payout ratio **38.2%** Total return ratio **103.7%**

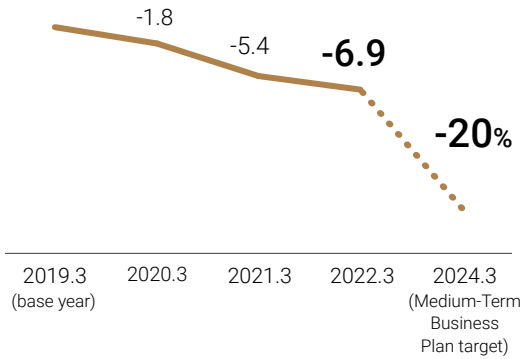


■ Dividend per Share (yen) — Dividend Payout Ratio (%) — Total Return Ratio (%)

Salt equivalent in products\*3



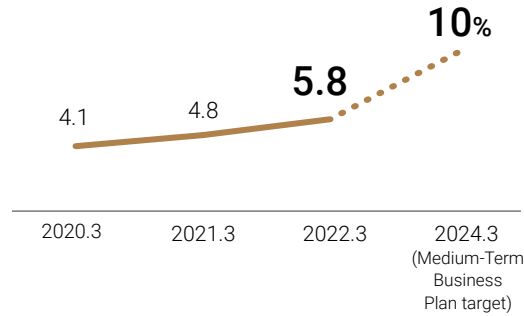
(%)



Sales ratio of protein-rich products\*4



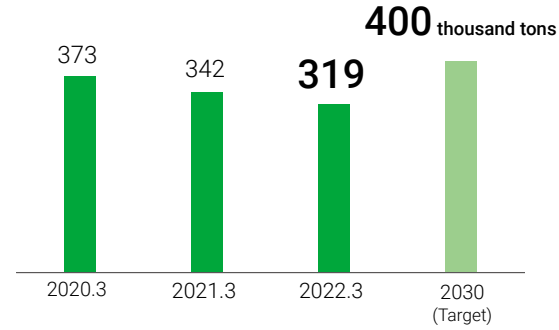
(%)



Domestic procurement volume of potatoes



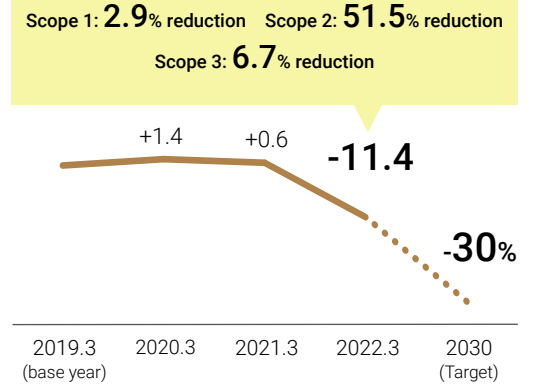
(thousand tons)



Total Greenhouse gas emissions



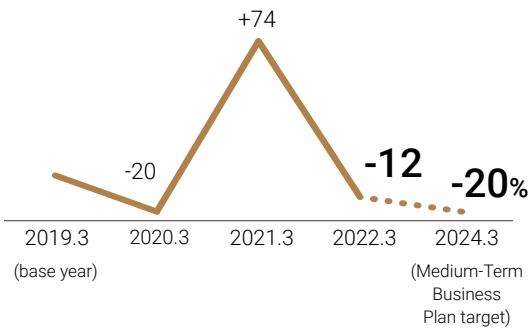
(%)



Product food loss



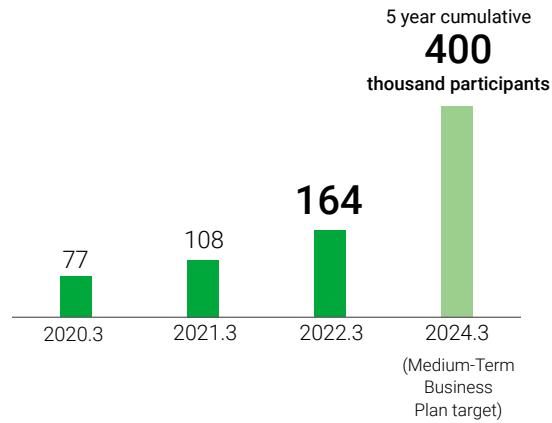
(%)



Food communications number of participants\*5 (5 years cumulative)



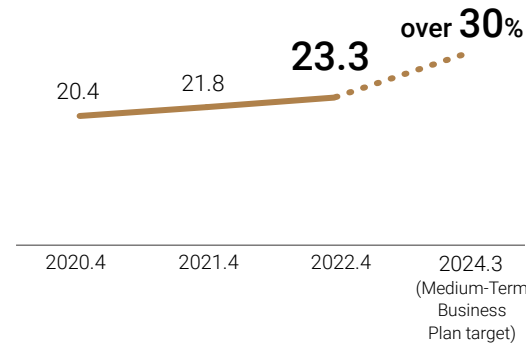
(thousand participants)



Ratio of women in management



(%)



(Notes)

Product food loss reduction targets and results are for domestic Calbee Group companies excluding Potato Kaitsuka Ltd.. Targets and results for reduction of greenhouses gases are for factories operated by Calbee, Inc., and the Obihiro Factory of Calbee Potato, Inc.. All other indices are for Calbee, Inc.

\*3 Salt content of all products sold as a percentage of the total weight of products sold

\*4 13% or more of total energy consumption accounts for protein

\*5 Food education activities such as Calbee Snack School and factory tours

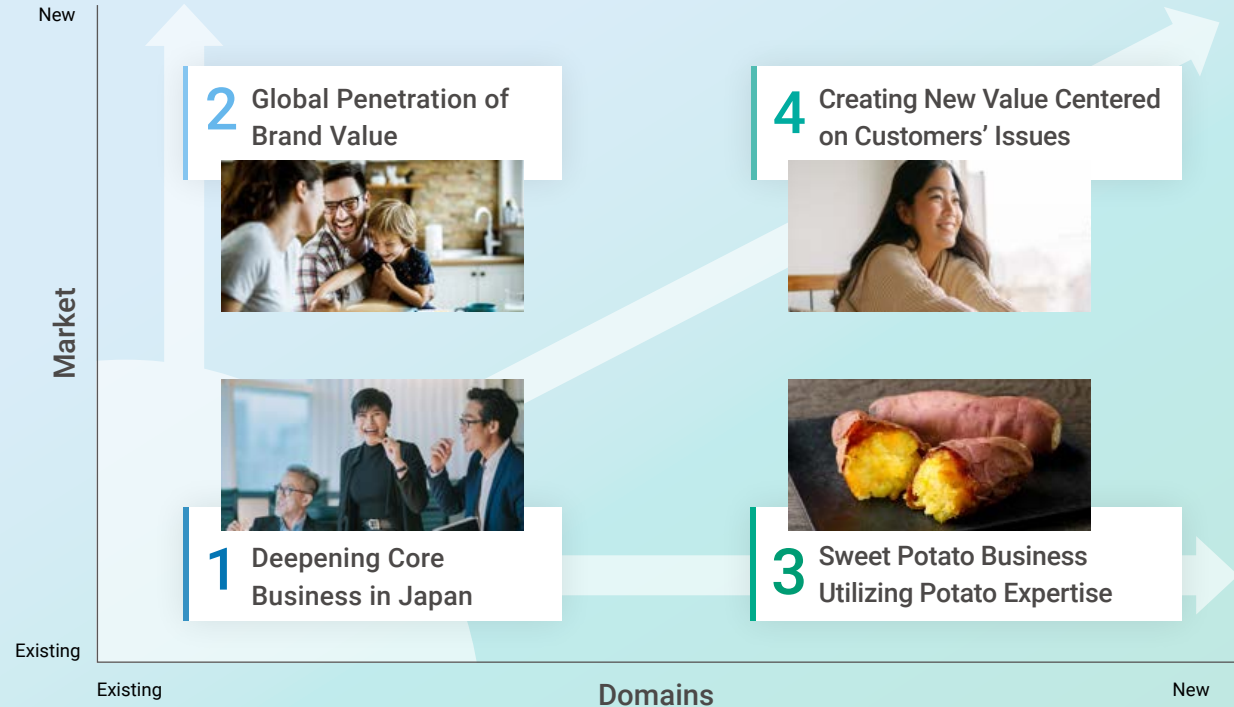
► For detailed ESG data, refer to the corporate website.

<https://www.calbee.co.jp/sustainability/en/esg-data.php>

SECTION 2

# Value Creation at the Calbee Group

The Calbee Group has its eye on the future and strives to contribute to healthy lifestyles. To make this possible, it will make use of strengths it has cultivated to date, and take on the challenge of creating new value from food. We are hard at work strengthening our core domestic businesses, expanding them to the global stage, while also expanding into new areas, driven by knowledge and technology related to natural ingredients.



Cultivated Strengths		<b>Product planning and development capabilities aligned with the changing times and diverse needs</b>	We are one step ahead of the needs of the times, creating new value through products such as the highly nutritious <i>Kappa Ebisen</i> , the easy-to-carry, cup-shaped <i>Jagarico</i> , and the <i>Frugra</i> , a healthy and time-saving breakfast option.
		<b>Expertise in potatoes and other ingredients</b>	In addition to increasing the sales of potato chips, we have also developed a system alongside producers for planting, cultivating, procuring, and storing potatoes. We intend to apply this expertise to sweet potatoes and other natural ingredients.
		<b>Processing technology that utilizes natural ingredients</b>	Our processing and seasoning techniques bring together natural ingredients that differ by season or variety to unlock their true goodness and deliver food with an appearance, flavor, aroma, texture, and other qualities that deliver a kind of "taste" that appeals to the five senses.

# Deepening Core Business in Japan

## — Advance marketing activities that are created together with customers

The Japanese snack market used to favor large-volume, value-for-money snacks, but now customers are seeking more diversified products, including highly portable and healthy items. At the same time, digitalization and the use of social media are advancing, and customers are now rationally selecting products and services based on information that they themselves have sought out. In this context, we at the Calbee Group need to change our approach from one where we simply provide information to customers to one where we try to create touchpoints, and work together with customers to create new products and services.

We have mainly two touchpoints with customers. First, the retail storefront remains an important touchpoint that connects Calbee with our customers. We aim to create striking products and to propose attractive sales displays to retailers so that customers will continue to pick up our products from the shelf.

The second is direct contact with customers through digital means. Through the Calbee “Lbee” Program, we sometimes directly ask individual customers what made them buy our products. With the evolution of digital technology, we believe it is important to evolve marketing activity from the era of mass communication and “majority rule” through understanding our customers more deeply on an individual basis and creating new value.

## — Design products/services by imagining the customer’s lifestyle and eating scenarios

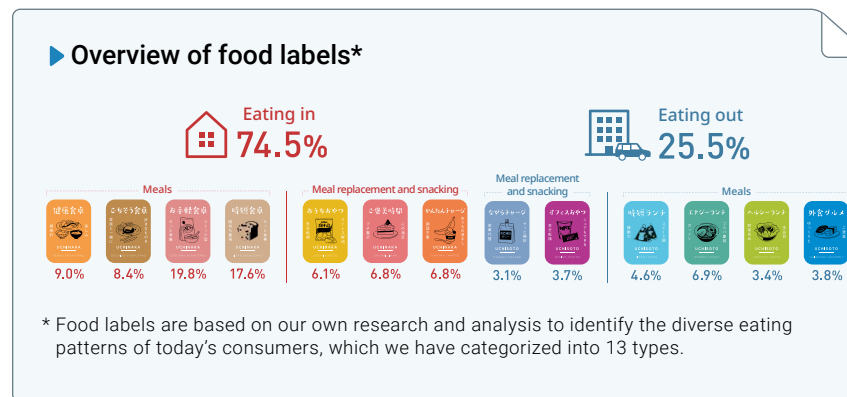
Customers’ eating habits are diversifying away from traditional mealtimes and snacking. In snacks and cereals, not limited to existing needs for snacking or breakfast, we are now developing products based on “food labels,” a platform for categorizing eating scenarios in a typical day. Snacks and cereals are used for a variety of purposes. For example, what kind of product is sought by customers who are snacking for a change of pace? Or what kind of product is required for a quick meal at home? An example of the shift in eating patterns is how the pandemic has increased the amount of time people spend drinking at home. In response to the increased demand for snacks, we are expanding *Otsumami-Jagarico*, the range of *Kappa Ebisen* flavors that go well with alcoholic beverages. In addition, the need for products with zippers and portability has been rising and we are expanding our lineup of products in easily portable packaging.



**Tomoyuki Matsumoto**

Executive Officer,  
General Manager, Marketing Division,  
Calbee, Inc.

Mr. Matsumoto joined Calbee in 1994. After a career in sales, sales planning, and product planning for potato chips and *Kataage Potato* (Kettle Chips), he became the general manager of the marketing department where he developed and implemented strategies. He assumed his current position in April 2019.



### Demand for snacks



### Portability



## Product planning and development that makes full use of natural ingredients, starting from raw materials

Our products are made by processing natural ingredients in such a way that they can be enjoyed for a long time. For this reason, the use of high-quality natural ingredients, as they are, is at the heart of our manufacturing process. When we develop and market new products, we collaborate with our Procurement and Research & Development Departments and consider the quality and quantity of the raw materials. We employed this process in 2021 when we developed and launched a non-fried product called *Frutz* made with strawberries and oranges as new natural ingredients. In addition to the expertise we have developed over the years in potatoes, we are also enhancing our knowledge of raw materials such as oats for cereals, fava beans for *miino*, and fruits, while exploring new production methods that are suited to the ingredients.

Our major product, *Kappa Ebisen*, was launched in 1964 but remains a long seller loved by many as we continue to refine its strengths. We are also taking on the challenge of appealing to health-conscious consumers by using beans, as in the case of *miino*, launched in 2018. *miino* is enjoyed for its natural deliciousness by everyone from young people to older customers.

By refining our long-selling products and constantly taking on new challenges, we hope to increase their lifetime value as products that have always been chosen by customers.



### Enhance cereal business growth by appealing to the health value



#### Yumiko Aboshi

Brand Manager,  
Oats Team,  
Marketing Division,  
Calbee, Inc.

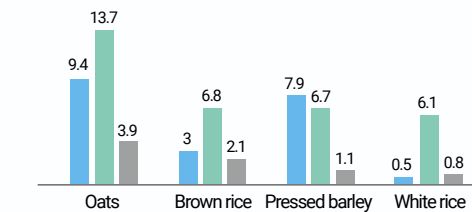
Since entering the cereal business in 1988, we have focused on the delicious taste and health benefits of oats, and have mainly developed granola products. In April 2022, we launched a new oatmeal product, *Baked Oats*. The Calbee Group is one of the largest users of oats in Japan. We aim to grow our cereal business by maximizing the taste and health value of oats with our unique technology. In September 2022, we also launched Japan's first functional cereal\* with a postprandial blood glucose control label under our *Frugra* brand. We will continue to improve the health value of *Frugra* to meet growing health needs, while evolving its quality and taste to meet consumers' lifestyle values.

\* The first functional food cereal for moderating increases in blood glucose levels (Calbee survey, March 2022).

### Nutrition Facts Comparison

(Content per 100g of raw material)

Units: ■ Dietary fiber ■ Protein (g) ■ Iron (mg)



Source: Standard Tables of Food Composition in Japan, 2020 edition (8th revision)



*Baked Oats*, oatmeal that does not require cooking



## Global Penetration of Brand Value

### — Providing new food value in global markets

The new food value that we will provide in global markets is delivering new flavors and enjoyment that has not previously been available by leveraging the strengths that Calbee has hitherto cultivated in Japan, and by consolidating the power of Calbee as a whole. The strength of the Calbee Group lies in its products, which deliver great taste and fun. We intend to accelerate the development of overseas business by leveraging the strengths cultivated in our Japanese business, including R&D and manufacturing technologies that make the best use of natural ingredients, and product planning capabilities.

### — Overseas business development to date and future strategy

Looking back on the Calbee Group's overseas business development, we have begun operations in many countries and regions mainly through joint ventures with local partners under our localization strategy, and have developed products that meet local needs. While we have created several hit products in various areas and steadily increased overseas sales, we have also withdrawn from or changed our business structure in regions where we were unable to achieve sales growth or profitability. About 10 years have passed since we embarked on the full-scale development of our overseas business, and we operate in nine countries and regions, including North America and Greater China. In recent years, we believe we have established a solid business foundation in each region through M&A of local manufacturers.

However, we have not been able to fully utilize our strengths in some regions due to our focus on localization strategy. The challenge for our overseas business going forward will be how to communicate the appeal and value of our products to global markets while being true to our strengths and also taking into account regional characteristics.

In terms of regional characteristics, in Greater China awareness of Calbee has spread to a certain extent due to inbound tourism to Japan, and the rapid development of e-commerce in recent years has also helped to significantly increase demand. We are currently focusing on exporting from Japan and leveraging trust in the "Made in Japan" brand. In the future, we will utilize our production and OEM bases in Thailand, Indonesia, and other ASEAN countries, which provide cost advantages and help secure a stable supply, to develop our



**Keiei Sho**

Managing Executive Officer,  
President, Calbee Overseas Company,  
Calbee, Inc.

Joined Calbee in 2013 after a career at a major Japanese general trading company, and, since 2016, has overseen the entire overseas business division, including North America and Europe. He assumed his current position in April 2020.



Product advertisement in Greater China featuring the top artist.

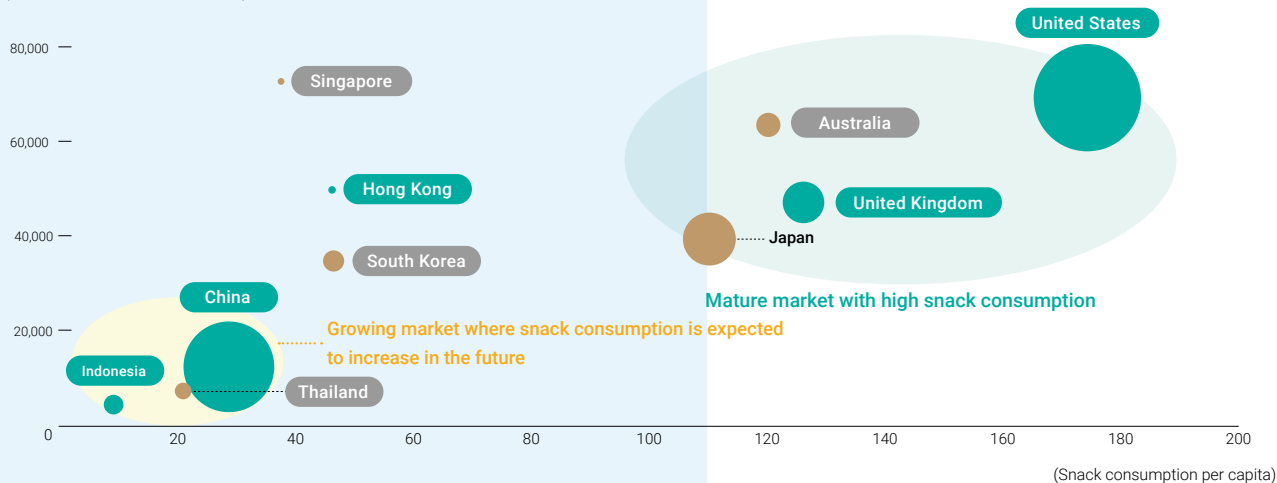
production foundation and increase our product lineup. At the same time, we will proactively invest in promotion activities to encourage the value of our products and awareness of the Calbee brand. In Europe and the U.S., we have been focusing on increasing brand awareness through emphasizing health-conscious snacks, we must also leverage assets acquired through M&A to communicate the value of Calbee. We will work to establish the Calbee brand widely by adding local brands in addition to the global brand.

Global brands include *Jagabee* and *Jagarico*, which feature a unique texture created through Calbee's differentiated technologies; *Harvest Snaps*, which have been established as a Better For You snack brand in Europe, the U.S. and Australia; and *Frugra*, which is being promoted as a new type of breakfast food mainly in Greater China. It will require patient investment from a medium- to long-term perspective for these products to take root in local markets.

The most important resource for promoting global expansion over the medium- to long-term is the people who will drive it forward. Calbee strategically allocates human resources with knowledge of Calbee's Japan operations in the R&D, marketing, and production technology value chains so that this knowledge can be shared with local markets. We also prioritize the development of our employees to ensure that they have a global mindset.

### Overseas snacks market and Calbee group business operation

(GDP per capita, U.S. dollars) \* The size of the circle is the snack market size.



Source: (Snack market) Euromonitor, Savoury Snacks, 2021



Snacks on display in an ethnic foods section (North America)



Harvest Snaps on display in a vegetable section (North America)

### History of Calbee Group's overseas expansion

- 1970s**
  - 1970:** Entered the North American market
- 1980s**
  - 1980:** Entered the Thai market
- 1990s**
  - 1994:** Entered the Hong Kong market
- 2000s**
  - 2002:** Established a manufacturing subsidiary in China
- 2010s**
  - 2011:** Entered the South Korean market
  - 2012:** Established Calbee (Hangzhou) Foods Co., Ltd.
  - 2013:** Entered the Indonesian market
  - 2014:** Entered the UK market  
Established a joint venture company in the Philippines
  - 2015:** Consolidated sales subsidiary in Singapore  
Established a sales subsidiary in Spain  
Established a sales subsidiary in China  
Conducted transfer of equity interest for Calbee (Hangzhou) Foods Co., Ltd.
  - 2016:** Established a sales subsidiary in Australia
  - 2017:** Established a production base in Malaysia (equity method)  
Dissolved and liquidated sales subsidiary in Spain
  - 2018:** Conducted transfer of shares for joint venture company in the Philippines  
Acquired Seabrook, UK
  - 2019:** Acquired Warnock, USA

## Overseas Business

The Calbee Group's overseas business develops different products and brands in each country/area, keeping in mind market conditions, consumer needs, and income level. In Europe and North America, there is a huge market for snacks. With consumers becoming more health-conscious and demanding products that are good for their bodies, we have increased our focus on healthy snacks. We are also expanding our business, leveraging M&As to add potato chips and other mainstream snacks to our product lineup. As the economy grows in several Asian countries, the snack markets in these countries are also entering a growth stage. By raising awareness of the Calbee brands, especially in Greater China, we will capitalize on this market growth and expand.

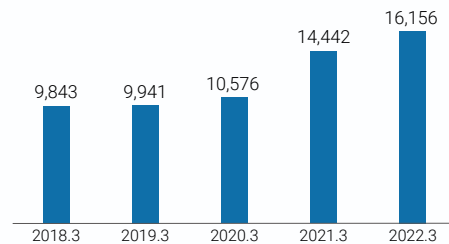
### North America



In North America, we manufacture and sell *Harvest Snaps* in the "Better For You" category. *Harvest Snaps* is a brand manufactured using the same technology as our Japanese *Sayaendo* products, with packaging and flavoring tailored to local consumer tastes. In specialized markets that deal in Asian foods, we import and sell potato chips, *Jagarico*, *Kappa Ebisen*, and other products. In 2019, we expanded our product lineup through the acquisition of contracted snack manufacturer Warnock Food Products, Inc.

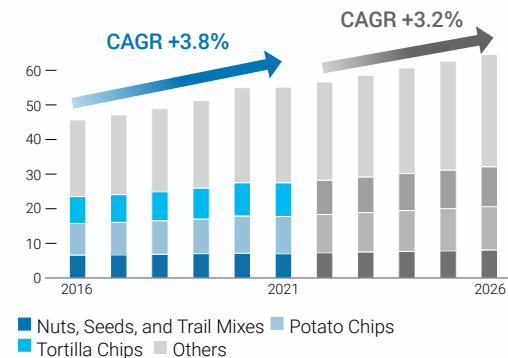
#### Net sales

(Millions of yen)



#### North American snack market growth

(Billions of U.S. dollars)



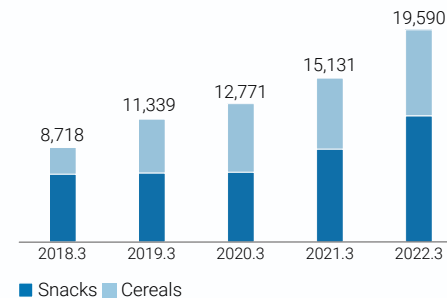
### Greater China



In Greater China, Calbee has a high rate of Calbee brand recognition thanks to significant inbound demand in mainland China. Sales mainly come from imports from Japan via e-commerce for *Furuga*, *Jagabee*, *Jaga Pokkuru*, and other products, and we are working to increase sales through retail stores. In Hong Kong, we have a top share in the snack market, with manufacturing and sales centered on potato chips and *Jagabee*.

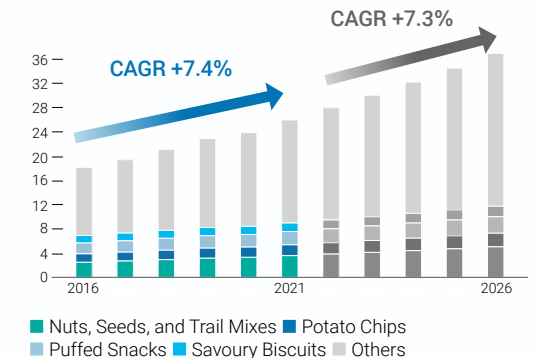
#### Net sales

(Millions of yen)



#### Chinese snack market growth

(10 billion yuan)





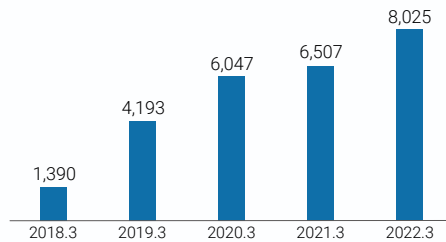
## United Kingdom



We launched business in the United Kingdom in 2015, starting with the manufacture and sale of healthy bean-based snacks. In October 2018, we added the popular Seabrook brand of potato chips to our product lineup after acquiring UK-based potato chip manufacturer Seabrook Crisps Limited.

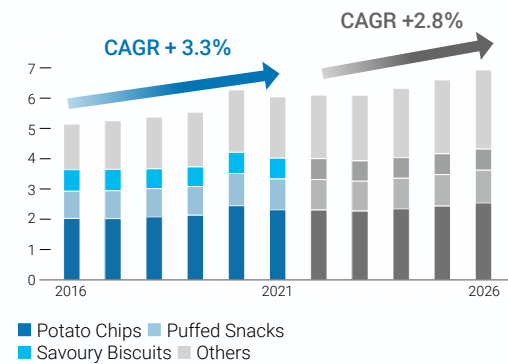
### Net sales

(Millions of yen)



### United Kingdom snack market growth

(Billion pounds sterling)



Market and brand share source: Euromonitor International  
Snack: Savoury Snacks (Nuts, Seeds, and Trail Mixes, Salty Snacks, Savoury Biscuits, Popcorn, Pretzels, Other Savoury Snacks)

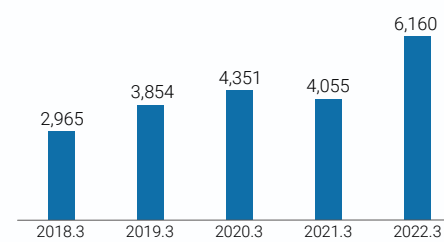
## Indonesia



Business in Indonesia was launched as a joint venture with Wings, a leading Indonesian food manufacturer, in 2016. We manufacture and sell a wide variety of products, with a lineup of snacks that include *Potabee* and *Japota* potato chips, *Krisbee French Fries* flour-based snacks, and *Krisbee Krunchy* corn-based snacks.

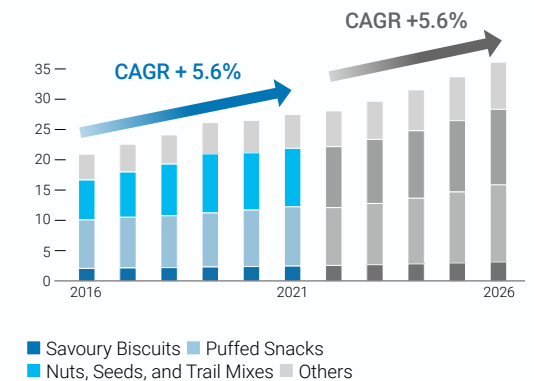
### Net sales

(Millions of yen)



### Indonesian snack market growth

(Trillion Indonesian rupiah)



Value Creation Story — Creating the Future of Food **3**

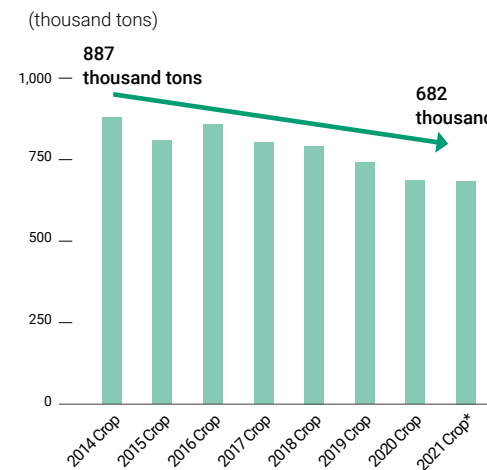
# Sweet Potato Business Utilizing Potato Expertise

## Combining our expertise in potatoes and sweet potatoes

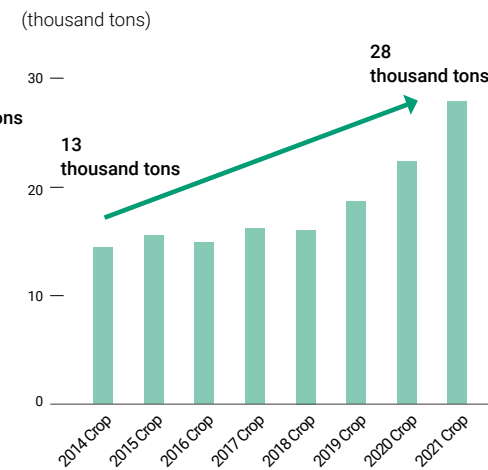
In recent years, demand for sweet potatoes with a high sugar content suitable for baking has been increasing, due to improvements in varieties and the introduction of baked sweet potato machines in retail stores. It was in this business environment that Potato Kaitsuka Ltd. became a member of the Calbee Group in April 2020, and we started our sweet potato business with what was a new business for Calbee.

Potato Kaitsuka is one of the largest sweet potato firms in Japan by volume, and has built a value chain that integrates procurement, processing, and sales, leveraging its expertise and technology advantages. The value chain of potatoes and that of sweet potatoes are very similar, and we are well placed to create synergies leveraging our knowledge and networks. Specifically, we are currently working to increase sweet potato procurement volume by utilizing our network of contracted farmers who produce regular potatoes. In product development, it has also launched *Tenshi no Kakeru* ("Heavenly Bites"), a gift snack item developed jointly with the Calbee Group.

Domestic sweet potato production



Procurement volume of sweet potatoes by Potato Kaitsuka



Source: Crop statistics produced by the Ministry of Agriculture, Forestry and Fisheries  
\* Production figures for 2021 are approximations.



## Challenges and measures to expand procurement volume

In order to expand our business, it is most important to stably procure high quality sweet potatoes to meet growing demand. However, in addition to the aging and declining number of farmers, climate change and the spread of diseases specific to sweet potatoes have also had an impact, resulting in a decline in production volume nationwide.

Due to its uneven shape, the sweet potato is a particularly labor-intensive and burdensome crop for farmers. Even under the circumstances, Potato Kaitsuka have steadily increased the amount of procurement by promoting various initiatives together with farmers. We intend to utilize the knowledge Calbee has accumulated in the potato business to focus on providing cultivation support to sweet potato farmers in order to build a sustainable base and further increase procurement volume. Production areas are currently concentrated in Ibaraki Prefecture, and, to manage this risk, we are developing additional production areas in Kyushu and other regions.

Furthermore, we have begun research on sustainable cultivation techniques and the development of our own sweet potato varieties that can thrive in a changing climate. Our goal is to develop varieties that are not only delicious, but also easy to harvest and suitable for mechanization. As with regular potatoes, even though this is a long-term project that will take more than 10 years from variety development to commercialization, we recognize that it is an important challenge to enhance our competitive advantage.

## Unearthing the new value of sweet potatoes

Sweet potatoes are rich in dietary fiber and high in nutritional value, and their value is being recognized again. With the mission of “cultivating new value in sweet potatoes,” Potato Kaitsuka have been developing products that add new value to sweet potatoes, such as making them more attractive as a dessert and proposing new ways to eat them. As a result, sales of baked sweet potatoes and other processed products have been strong through directly managed stores and e-commerce channels, as well as wholesale sales to retailers. The value of sweet potatoes is beginning to attract attention overseas as well. We have begun trial sales in Asia and the U.S., where awareness of baked sweet potatoes has been growing in recent years. We would like to capture growth opportunities going forward.

We aim to make the sweet potato business one of the Calbee Group’s earnings pillars over the medium- to long-term by enforcing procurement bases, increasing our product supply capacity, and investing in growth to further expand the business.



Frozen baked sweet potato set with three varieties sold via e-commerce

## Overview of Potato Kaitsuka Ltd.

### Main business

Wholesale of sweet potatoes used for baked sweet potatoes to retailers and direct sale to consumers, primarily of original sweet potato brand *Beni-Tenshi*.



Original sweet potato brand *Beni-Tenshi*

### Strengths

- Integrated management system from purchasing, storage and processing, to sales
- Curing storage and other methods to maintain quality after harvest
- One of Japan’s largest private companies in terms of the annual volume of sweet potatoes handled for fresh produce retailers



### Miyuki Kaitsuka

President and Representative Director, Potato Kaitsuka Ltd.

Miyuki Kaitsuka joined Potato Kaitsuka Ltd. in 2006, and, after serving as president of Epoch potato, Co. Ltd., a direct sales company, since 2008, she assumed her current position in July 2017.

## Creating New Value Centered on Customers' Issues

### Focus on the issue of sleep and enter new business that contribute to good health

In addition to our traditional snacks and cereals, we have also begun to expand our business into new food areas that contribute to good health, including in the area of sleep. Based on consumer interviews conducted by Calbee Future Labo, an in-house team that creates products with a strong focus on customer needs, we have been looking at the demand for comfortable sleep. A growing number of people are experiencing challenges with sleep, and sleep deprivation is said to be causing a significant amount of economic loss in Japan. Furthermore, these challenges have worsened in recent years due to increased mental and physical stress and decreased activity from changing lifestyles during the pandemic. However, in many cases, concrete measures have not been taken to address these sleep-related issues, and we saw an opportunity to address them.

*Nyumin* is Calbee's first functional food that is expected to improve sleep quality (depth of sleep) and alleviate fatigue upon waking. In November 2020, we conducted a trial launch after two and a half years of development, then revamped the product and started official sales in March 2022. In order to make it easier to consume, the product uses an edible film that can be ingested without water or chewing, even right before going to bed. The active ingredient, crocetin, which supports sleep, is a naturally occurring natural pigment found in gardenia fruit and other plants.

In March 2022, we invested in S'UIMIN Inc., which has technology for showing sleep-related conditions, and have begun joint research. We intend to develop products and services through strategic partnerships that leverage our product development capabilities and S'UIMIN's expertise. Furthermore, we are also conducting basic research from the perspective of time nutrition, i.e., what ingredients should be consumed, when, and in what quantities, to improve sleep quality. Calbee Group would like to create new business for good health that solves sleep issues through food.



Calbee's First Functional Food Nyumin





# Medium-Term Business Plan

In order to realize Vision for 2030, the Calbee Group's long-term vision, we have established a five-year Medium-Term Business Plan, which covers the period from the fiscal year ended March 31, 2020, to the fiscal year ending March 31, 2024. Under the core policies of this plan, we intend to build a foundation that can respond to changes in the business environment. This will allow us to achieve sustainable growth through transformation and taking on challenges. We have set six key initiatives within the Medium-Term Business Plan.

## ■ Core Policy

Transformation and taking on challenges toward achieving next-generation growth

## ■ Six Key Initiatives

- 1 **Domestic core businesses** Create new value and realize high profit
- 2 **Overseas business** Establish revenue-generating bases in four key regions
- 3 **New businesses** Establish businesses in new food areas
- 4 **Management base** Reform base to support global management and sustainable growth
- 5 **Co-creation with society** Achieve a sustainable society
- 6 **Collaboration with PepsiCo** Strengthen collaboration with PepsiCo

Vision for 2030



Harvest the power of nature. Creating the future of food.

▶ Toward 2030

Establish our pivotal growth drivers in overseas markets and new food domains

▶ 2030 Targets

Overseas sales ratio

Over **40%**

New food domains sales ratio

Over **20%**

2030

FY2024/3  
End of the Medium-Term Business Plan

2022

FY2020/3  
Start of the Medium-Term Business Plan

## ■ Financial Targets

Calbee Group	▶ Consolidated net sales	¥310 billion
	▶ Consolidated operating profit	¥40 billion
Domestic Business	▶ Domestic operating margin	15%
Overseas Business	▶ Overseas sales	¥80 billion
Efficiency	▶ ROE	12%

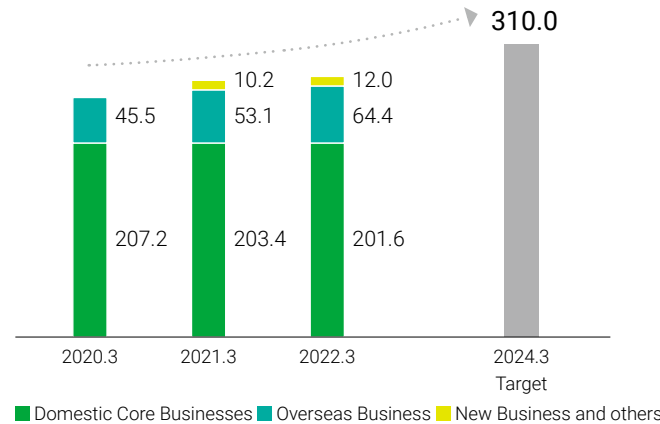
■ Progress of the medium-term business plan (achievements and issues)

Consolidated net sales are on target as a result of growth in overseas business, our entry into the sweet potato business, and other factors. However, progress in terms of consolidated operating profit is behind the plan due to the impact of COVID-19, the sharp rise in the cost of raw materials and other items, and potato shortage stemming from poor weather. In the remaining two years of the plan, we aim to bring operating profit back on track via flexible price and content revisions, and also by developing products with new value, expanding products with high added value domestically, and making active efforts to develop our overseas business.

	Key Achievements Over the Past Three Years	Issues
Domestic Core Businesses	<b>Enhanced profitability of domestic core businesses</b> <ul style="list-style-type: none"> <li>Implemented price and content revisions</li> <li>Expanded sales of new products such as <i>miino</i></li> <li>Expanded strategic partnerships with distributors / retailers</li> </ul>	<ul style="list-style-type: none"> <li>Costs of raw materials continue to rise</li> <li>Delay in expansion of gift snack items and other premium products due the decrease in inbound and domestic travel</li> </ul>
Overseas Business	<b>Expanded business in key overseas regions</b> <ul style="list-style-type: none"> <li>North America and the United Kingdom: Expanded product line-up through M&amp;As</li> <li>Greater China: Achieved growth in e-commerce and expanded into retail stores</li> </ul>	<ul style="list-style-type: none"> <li>North America: New product delays and late post-merger integration (PMI)</li> <li>Greater China: Development of a supply system that can meet demand, expansion of product lineup</li> </ul>
New Business	<ul style="list-style-type: none"> <li>Entered sweet potato business via the acquisition of Potato Kaitusuka Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>Expanded sweet potato business</li> </ul>
Management Base	<ul style="list-style-type: none"> <li>Enhanced procurement and promoted and stimulated agriculture in partnership with Hokuren Federation of Agricultural Cooperatives</li> </ul>	<ul style="list-style-type: none"> <li>Delays in work-style reforms at production divisions</li> <li>Delays in efforts to strengthen global human resources</li> </ul>
Co-creation with society	<ul style="list-style-type: none"> <li>Started key initiatives related to materiality themes, such as introducing use of RSP0-certified palm oil, reducing greenhouse gas emissions, and disclosure in line with TCFD framework</li> </ul>	<ul style="list-style-type: none"> <li>Lower potato yields due to climate change</li> <li>Difficulties with securing stable procurement due to disruptions in the procurement network</li> </ul>

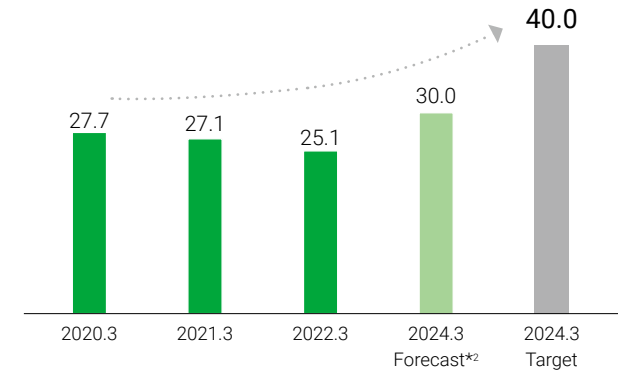
Consolidated net sales\*1

(billions of yen)



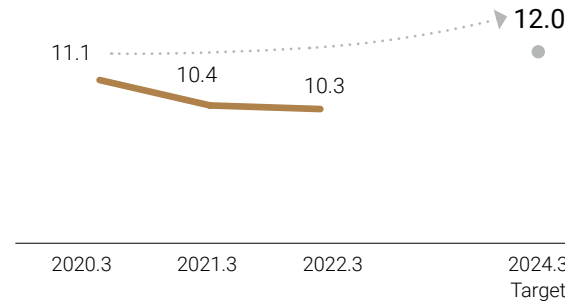
Consolidated operating profit

(billions of yen)



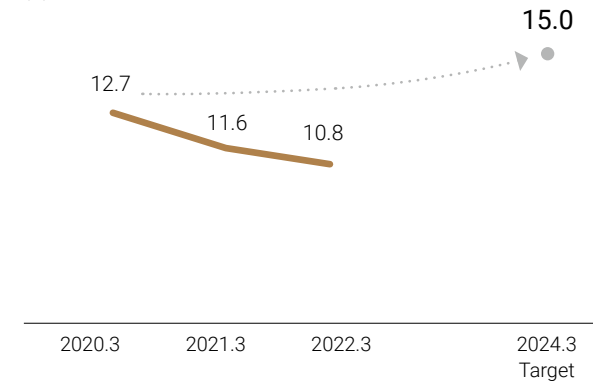
ROE

(%)



Domestic operating margin\*2

(%)



\*1 The above figures are calculated for/by gross sales. The revised Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) has been applied from the beginning of the fiscal year ended March 31, 2022. The figures shown are amounts prior to applying the standard.

\*2 Operating profit for the fiscal year ended March 31, 2024, is expected to be ¥30.0 billion. The initial target of ¥40.0 billion is expected to be reached after the fiscal year ended March 31, 2025.

# Financial Strategy

## Chisa Hayakawa

Managing Executive Officer & CFO,  
General Manager, Investor Relations,  
Finance and Accounting Division,  
Calbee, Inc.

Joined Calbee in 2009, was in charge of listing on the First Section of the Tokyo Stock Exchange in 2011. After serving as General Manager of the IR Division, the Finance and Accounting Division, and the East Japan Business Division, appointed to current position in April 2022. She is a licensed tax accountant and a CMA (Certified Member Analyst of the Securities Analysts Association of Japan).



In order to establish our pivotal growth drivers in overseas and new food domains by 2030, we will further expand earnings in our core domestic business and reinvest in overseas and new food domain businesses. We will aim to maximize corporate value by enhancing shareholder returns and improving capital efficiency, at the same time.

## The role of the CFO

I believe that the role of the CFO is to support the growth strategy of Calbee Group from a financial perspective and turn it into a reality. The business environment facing Calbee Group is growing increasingly severe due to the COVID-19 pandemic and resulting supply chain disruptions, as well as the sharp rise in energy and raw materials prices against a backdrop of geopolitical risk. Amid these business conditions, we will continue to execute our financial strategy for medium- to long-term growth by maintaining sound financials and striking a balance between offensive and defensive measures.

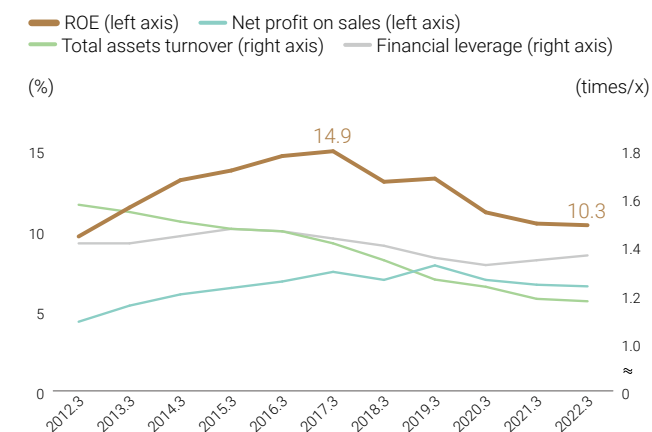
## Pursuing capital efficiency and improved profitability

One of the key indicators in our Medium-Term Business Plan (FY2020/3-FY2024/3) is achieving an ROE of 12%, which previously peaked at 14.9% in FY2017/3 and has been on a downward trend since, falling to 10.3% in FY2022/3. While the ratio of net profit on sales has remained flat (in real terms, excluding the impact of the adoption of revenue recognition standards), the decline in ROE was due to a lower total ratio of asset turnover and a low level of financial leverage.

While securing a high level of financial stability can be a strength as a hedge against the risks inherent to a rapidly changing business environment, the inability to effectively utilize assets is a weakness. Between FY2017/3 and FY2022/3 total assets increased by 30% (up ¥54.7 billion) due to increases in goodwill (up ¥21.9 billion) and cash and deposits (up ¥11.0 billion). In order to improve the total asset turnover ratio, we will allocate cash and deposits to investments in areas that will contribute to further growth, while reviewing assets with a low return on investment. We will also enhance shareholder returns, including flexible share buybacks to manage the balance sheet and strengthen the company's financial structure.

To improve profitability, we will aim to achieve an operating profit margin of 15% in domestic core business by (1) aggressively developing new and high-value-added products, (2) improving the efficiency of selling expenses by promoting strategic partnerships with distribution partners, and (3) leveraging digital transformation to improve production efficiency and cost of sales. We will also implement flexible price and content revisions to cope with soaring raw materials prices in Japan and overseas.

### Changes in ROE and its components



## Investment for sustainable growth

Based on the Medium-Term Business Plan, we are proactively making investments from a medium- to long-term perspective, using cash flow from operating activities (approx. ¥150 billion) and cash on hand that we expect to generate over the five years of the plan. Total investments during the first three years of the plan amounted to ¥54.5 billion, of which ¥32.1 billion was for capital investment (¥26.6 billion for domestic core business and ¥5.4 billion for overseas business) and ¥22.4 billion was for growth investment such as new businesses and M&A. In the domestic core business, we installed an automated warehouse at the new Utsunomiya Factory and expanded the *Kataage Potato* production line, and in the overseas business, we acquired land and buildings for a snack manufacturing plant in North America. In growth investment, we acquired Warnock Corporation to expand our snack foods business portfolio in North America, and, in Japan, we acquired Potato Kaitsuka, which operates in the sweet potato business, to enter a new food domain. We will continue to invest in our foundation to grow earnings in our core domestic business, strengthen our overseas production system, and acquire foundation for growth through new businesses and M&A. We are also investing in human resources development and digital transformation from a medium- to long-term perspective.

In executing investment projects, we have established an internal rate of return (IRR) hurdle and a governance system that includes prior deliberation by the Investment Committee, followed by resolutions by the Executive Committee and the Board of Directors, which consists of a majority of outside directors.

## Enhancing shareholder returns

We recognize returning profits to shareholders as one of the most important management issues. In order to achieve continuous dividend growth, we have introduced DOE (dividend on equity ratio) as a new indicator from FY2022/3 and have changed our policy from targeting a dividend payout ratio of over 40% to one of stable dividend growth and agile share buybacks targeting a total return ratio of over 50% and a DOE of 4%. We will continue to strive to further enhance shareholder returns and improve capital efficiency.

### Medium-Term Business Plan:

#### 5 Year cash flow allocation policy and progress

Conduct capital investment in domestic core businesses/overseas businesses, invest resources in new businesses and growth investment from a medium- to long-term perspective, as well as provide proactive and continuous returns to shareholders

- **Capital investment:** Sustainably grow/raise production in domestic core businesses, strengthen overseas production structure
- **Growth investment:** Acquire foundation for growth through new businesses, promotion of digital transformation, M&A, etc.
- **Shareholder returns:** Stable dividend growth and agile share buybacks, targeting a total return ratio over 50% and DOE of 4% on a consolidated basis

▶ Cash Flow Allocation in the Medium-Term Business Plan

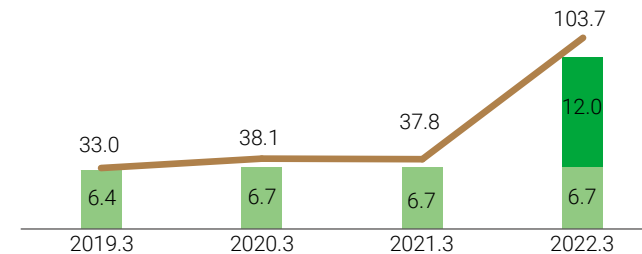


▶ FY2020/3–FY2022/3 accumulated results



### Total return ratio trend

■ Total dividend (billions of yen) ■ Share buybacks (billions of yen) — Total return ratio (%)

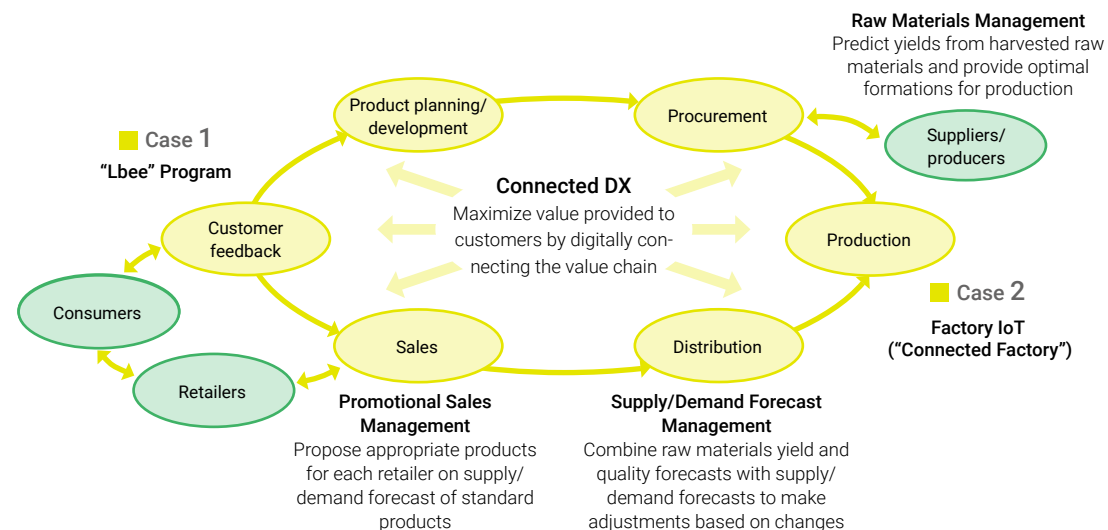




# Foundational Strategy 1 Promote DX (Digital Transformation)

## Accelerate business promotion through DX

People’s values and lifestyles are diversifying due to the rapid advancement and spread of an information society and of digital technology. In this environment, the Calbee Group seeks to transform the value chain by connecting each process within it—from raw material procurement to customers—with digital data to improve productivity and create new value for customers.



### Case 1 Connecting directly with customers through the “Lbee” Program

The Calbee “Lbee” Program smartphone app was released in September 2020 as a means of connecting directly with customers and has been downloaded over 300,000 times as of August 2022. This app enables customers to accumulate points to apply for various experience programs and campaigns by folding and photographing used product packaging. We believe this folding of

packaging helps to reduce the volume of waste at home and creates opportunities to foster environmental awareness.

Until now, it has been impossible to know which customers consume which products when and how often, but this app has enabled us to understand our customers more deeply by connecting directly with them. This app can also search for nearby stores selling Calbee products, making purchases more convenient. By shortening the distance between Calbee and our customers, we will continue to increase the number of Calbee fans and offer new value.



**Yoichi Sekiguchi**  
Manager, Customer Experience Design Team, Marketing Division, Calbee, Inc.

### Case 2 Building a next-generation factory model with factory IoT to improve productivity

We have established a new traceability system, which, at the Konan Factory, from January 2022 has enabled various production information, such as raw materials used, weighing, packaging, inspection and boxing, to be managed and traced on a bag-by-bag basis on the production line. This facilitates prompt response to customer inquiries, and the visualization of operations in each process also enables more precise information to be grasped, which is expected to lead to improved product quality. In addition to introducing this system, the Konan Factory is simultaneously proceeding with the verification of automated manufacturing line operation and the construction of an IoT infrastructure, aiming to create a next-generation factory model utilizing DX.

With the new Hiroshima Factory as a State-of-the-Art mother factory also scheduled to begin operation in FY2025/3, through the deployment of connected factories we will work to develop new technologies and improve productivity for the entire Group.



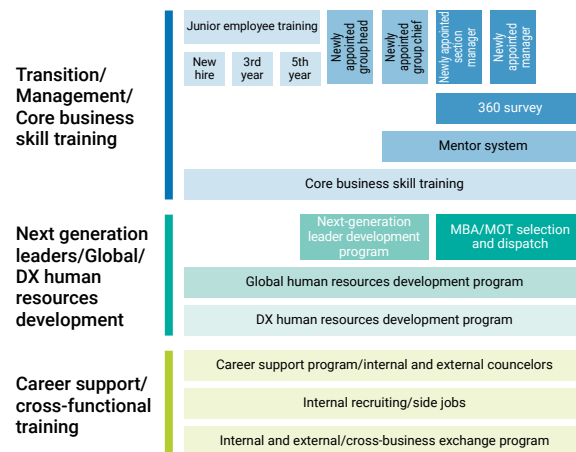
**Makoto Mizoguchi**  
Manager, West Japan Operating Department, Production Division, Calbee, Inc.

# Foundational Strategy 2 Human Resource Development

Enhance investment in and training of the human resources who will realize our 2030 Vision

The most important asset for realizing the 2030 Vision is human resources. Based on this idea, through identifying and solving issues and meeting needs of customers and society we will strategically intensify our investment in and development of global and DX human resources to create value.

## Human resources training system



## Development of global human resources

The Calbee Group aims to grow its business in overseas markets, which offer significant growth opportunities, and has set a goal of achieving an overseas sales ratio of over 40% by 2030. In order to accelerate business growth, it is essential to expand the skills and knowledge cultivated in Japan to build a pool of global human resources that can create value. We will especially foster management and staff with a focus on product development, manufacturing technology, marketing, and other functions necessary for propagating the Calbee brand around the world.

### Overview of global human resource development program



Two development programs have been launched for FY2023/3. The Core Employee Globalization Program, targeting the development of management personnel, seeks to cultivate leaders with the mindset and skills that will allow them to collaborate with people of diverse nationalities and values so that they can create value and realize our Vision. We also launched the Global Junior Employee Promotion Initiative, which focuses on younger employees, to help them understand the meaning and significance of globalization and enhance their motivation to continue to contribute from overseas through multicultural collaborative experiences. Going forward, we will promote the development of human resources and organizational culture so that each Calbee Group employee has a global mindset.

## Development of DX human resources

Furthermore, what is needed to accelerate the growth of the Calbee Group are DX human resources who can improve productivity through the use of data and digital technology, as well as create new value and transform value chains.

We are currently developing and deploying DX human resources in two major value chains. One is human resources who can promote data-based problem solving at factories, the core of our value chain. To this end, we are strengthening programs to acquire knowledge of data analysis methods, IoT, and AI. The other is retail scientists, who analyze issues based on customer behavior, and, from FY2022/3, we launched the Retail Scientist Development Project to develop human resources capable of offering solutions to problems using ID-POS and other data on customer purchasing behavior and to make proposals with even greater added value in the retail and distribution industries.

### VOICE



#### Noriko Ryugo

Manager, HR & Organization Development Department, D&I and Smart Work Promotion Department, Calbee, Inc.

#### To be an organization where we grow together by supporting individual growth and career independence

The Calbee Group places great importance on human resource development, encouraging each employee to look ahead to their future career and continue to grow and learn in order to achieve their aspirations. We encourage employees to take on their own challenges and develop their careers independently by using the Work Challenge system, in which employees can raise their hands and request to work in the division of their choice, and through dialogue with their managers on the Career Exploration Notes that will start in the fiscal year ending March 31, 2023. We believe that opportunities for diverse human resources to exercise their abilities in their own way and grow with each other, transcending positions and divisions, will lead to the realization of success for all employees and serve as a foundation for sustainable business growth.

## SECTION 3

# Calbee Group Sustainability

Since its beginning amid food shortages in postwar Japan, the Calbee Group has been rooted in the development of food products that utilize unused natural ingredients. Since then, we have engaged in co-creation with customers, business partners, and other stakeholders, driven by the desire to use natural ingredients to create products that will be good for people's health.

Going forward, we will continue to work with stakeholders to target environmental, social, and economic issues through our business activities. This will allow us to engage in sustainability management and will create sustainable social and economic value.

Founder Takahashi Matsuo (right)

## The Calbee Group's founding philosophy

To be a company that gathers knowledge in order to create products that are healthy, safe, and affordable, and which utilize unused food resources.



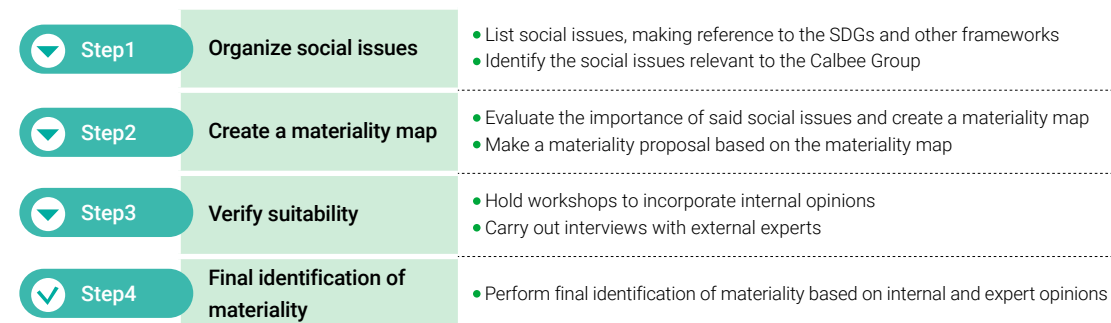
# Eight Material Issues (Materiality)

Environmental problems, labor shortages, and human rights issues— these are some of the social issues surrounding the Company. Of these issues, the Calbee Group has identified priority issues key to the continuity of its business activities as its materiality and has set a series of priority themes. Promoting efforts related to these themes will allow us to avoid management risks and take advantage of opportunities to spark innovation.

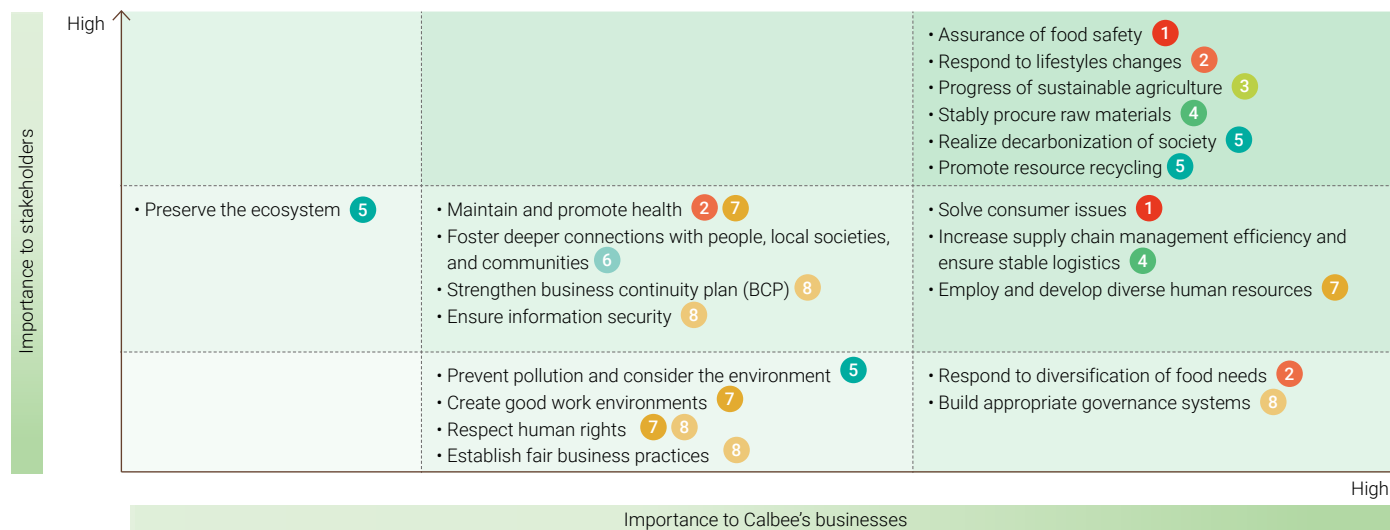
## ► The Calbee Group's materiality

- |   |   |
|---|---|
| 1 Assurance of food safety  | 5 Caring for the earth  |
| 2 Response to health-conscious and diversifying lifestyles                            | 6 Foster deeper connections with people, local societies, and communities |
| 3 Progress of sustainable agriculture   | 7 Promote active roles for all employees based on diversity               |
| 4 Ensuring the sustainability of raw materials and logistics with improved efficiency | 8 Enhance corporate governance  |

## ► Materiality identification process

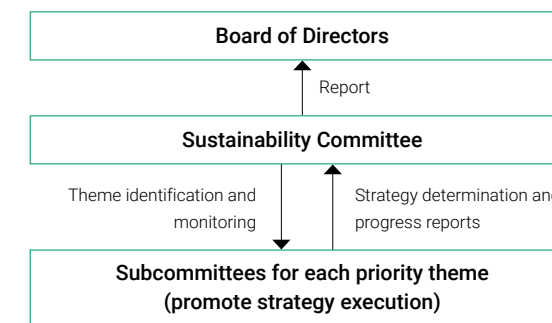


## Materiality map



## Sustainability management promotion framework

The Sustainability Committee determines the Calbee Group's materiality, discusses and reviews the road map for the priority themes promoted by the subcommittees, and reviews the status of progress on them. The results of these activities are regularly reported to the Board of Directors.



► For details regarding the Group's sustainability initiatives, please refer to the corporate website. <https://www.calbee.co.jp/sustainability/en/>



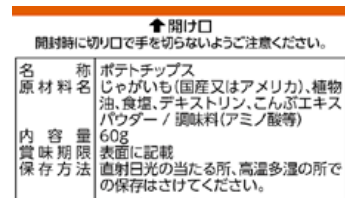
# 1 Assurance of Food Safety

Providing safe and secure products is our greatest responsibility. The Calbee Group is working to strengthen its quality assurance system throughout the entire value chain by always listening to customer feedback and making improvements based on their suggestions.

## Prevention of safety and quality incidents

### Compliance for the safe procurement of raw materials

In terms of legal compliance to ensure safety, in March 2022 all of the Group's domestic products were compliant with September 2017 revisions to food labeling standards based on the Food Labeling Act. This requires that the raw materials section of labeling for domestically-produced processed foods indicates the country of origin of the main raw materials used in the item. We also conduct on-site audits of locations where we procure raw materials in order to maintain and improve safety and quality.



Labeling with the country of origin listed alongside raw materials



On-site survey of raw materials



Quality inspection of products

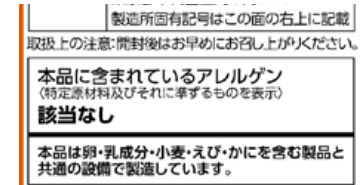
### Enhancing quality management and inspections in the manufacturing process

We take some measures to prevent contamination by foreign matter, including the introduction of X-ray inspection equipment, metal detectors, and surveillance cameras at our manufacturing sites. To prevent mistakes on ingredient lists in some of our packaging processes, we also have installed an error prevention checking system that checks whether the product content matches its packaging.

## Initiatives for monitoring security

### Addressing food allergies

The matter of food allergies requires our full attention and a commensurate response. As part of this effort, we make it easy to see allergens present in a product on the package, and, in principle, we adopt designs that make the list of allergens stand out under the ingredients list. Based on customer feedback, we also clearly denote when common allergens are not present within a product. Allergen information for products is also posted on our website.

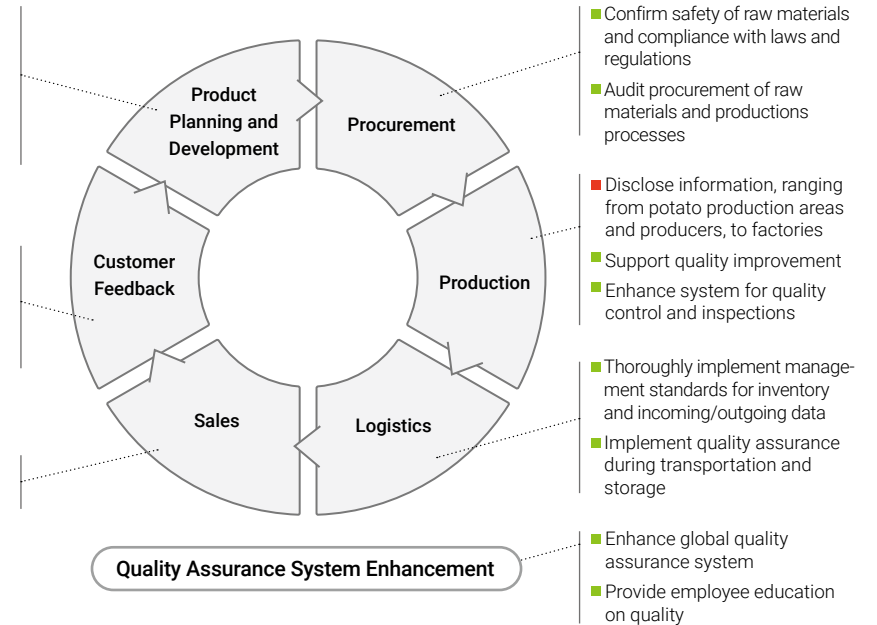


Allergen labeling

### The quality assurance system that supports our value chain

- Prevention of safety and quality incidents
- Initiatives for monitoring security
- Product improvements reflecting customer feedback

- Comply with relevant laws and regulations, inspect package labeling
- Inspect quality specifications and standards
- Disclose and manage allergen information
- Respond to customer feedback
- Improve products in response to customer feedback
- Respond to distributor inquiries



## 2 Response to Health-Conscious and Diversifying Lifestyles

As customer preferences become more diverse, the Calbee Group will provide health-conscious products and help support the varied lifestyles of customers.

KPI	
<p><b>Salt equivalent in products*1:</b>  <b>FY2024/3 20% reduction</b>                      (Compared with FY2019/3)</p> <p><small>*1 Salt content of all products sold as a percentage of the total weight of products sold</small></p> <p><small>*2 13% or more of total energy consumption accounts for protein</small></p>	<p><b>Sales ratio of protein-rich foods*2:</b>  <b>FY2024/3 10%</b></p>

### Provision health-conscious products

#### Reduction of salt equivalent and supplementation of nutrients that tend to be deficient

The Calbee Group provides nutritionally balanced products that harness the power of natural ingredients and are good for the body. We have highlighted salt and protein as nutrients that need to be properly controlled in order to live healthy lives, even as dietary habits diversify. We are investigating the optimal amount of salt in each of our main products. We are working to reduce the salt equivalent in our products, while working to create products that make the most of the original taste of their ingredients.

Protein is a nutrient vital for a healthy lifestyle, yet it is often consumed in insufficient amounts. The Calbee Group has developed products aimed at providing this protein, such as *Sayaendo*, *miino* (a brand of fried, whole fava beans), and *Granola Plus Protein*.



Kappa Ebisen with 35% reduced salt equivalent



Granola Plus Protein, made for easy protein intake

#### Development of plant-based products

The Plant-Based Lifestyle Lab is a general incorporated association that aims to enlighten people and spread the concept of a new kind of lifestyle, which incorporates plant-based food products, and to frame these products as a means to realize a sustainable society. The organization was established in October 2021 with the collaboration of multiple companies, including Pasona Group Inc., Kagome Co., Ltd., and Fuji Oil Holdings Inc.. The Calbee Group has joined these ranks with the intention of exploring new fields related to health-consciousness.

The Calbee Group launched the "Plant Based Calbee" project in order to make products that use plant-derived ingredients more delicious and familiar, and offers a series of products. From March 31, 2022, we have launched several such products, such as *SOY Guru*, a plant-based drinkable yogurt made from fermented soy flour; *SOY's Flakes*, a cereal made from soybeans; and the *Planty Plantie* series of plant-based ice cream and cheesecake-style desserts.

Note: Some of the products have been discontinued



### Plant Based Calbee



SOY's Flakes, a cereal made from soybeans



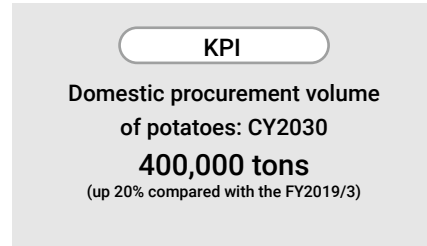
SOY Guru, yogurt produced from soybeans



The Planty Plantie series of ice cream, made from soybeans instead of dairy

# 3 Progress of Sustainable Agriculture

The Calbee Group takes advantage of its potato expertise to develop new potato varieties and support producers in order to ensure stable procurement of raw materials, and improve agricultural productivity and sustainability.



## Kazuhiro Nakamura

Managing Executive Officer, Calbee, Inc.  
 Chairman and Representative Director, Calbee Potato, Inc.

He joined Calbee Potato, Inc. in 1984 and has experienced every part of the value chain, from the potato fields to sales, including as a fieldmen (specialists in potato fields), developing new varieties, serving as general manager of Calbee's Hokkaido Business, and becoming president & CEO of Calbee Potato, Inc. He gained his current position in April 2021.



### Sustainable, environmentally conscious procurement: stable procurement of potatoes

#### Understanding business environment and issues

As a maker of products focused on potatoes and other natural ingredients, the Calbee Group believes agriculture must always be soundly managed to ensure business continuity. The past two years have seen low yields, stemming from droughts and other effects of climate change. Under these conditions, we are working to develop new potato varieties



Fieldmen (specialists in potato fields) providing cultivation support to producers

and support producers in order to maintain stable procurement and improve agricultural productivity and sustainability.

#### Measures for sustainable procurement

##### 1) Development of potato varieties

To date, we have worked with research institutes in Japan and overseas to develop potato varieties with a view toward greater yield, quality, disease resistance, storability, and suitability for processing. In 2017, we registered our new proprietary *Poroshiri* variety, which is more pest-resistant than existing varieties of potato. We are also continuing development of heat-tolerant varieties in response to climate change. Going forward, we aim to develop four new proprietary varieties by 2030.

##### 2) Promote scientific cultivation

We have implemented procurement achieved through potato cultivation technology that draws upon scientific evidence. We utilize a centrally managed cultivation information system to provide producers with data-driven advice. One example of this system undergoing verification trials is a smartphone app that provides producers with suggested irrigation times based on data provided by soil moisture meters installed in potato fields. This ensures that potatoes will maintain a moisture level ideal for cultivation. In addition to measure such as these, which help maximize potato yields, we are also helping increase the number of new potato producers by providing technological support to those with no previous experience cultivating potatoes.

We intend to promote operation of a platform that links information related to producers, potato fields, cultivation, weather, and storage. In addition, we would like to promote scientific-based cultivation further by expanding this data management to crops other than potatoes in the future.



Soil moisture meter installed in a potato field



Comparison of irrigated and unirrigated land as optimized by a soil moisture meter



### 3) Reduce agricultural labor

Potato cultivation is highly labor-intensive work. Nationwide, as the number of producers shrinks and the amount of farmland required per household expands, the shortage of labor is becoming an increasingly pressing issue. The Calbee Group shoulders the burden of cultivation and harvesting work in order to reduce agricultural labor and expand acreage.



Two-row harvesters capable of harvesting two planted furrows simultaneously.

### 4) Disperse production areas

Climate change in recent years such as heavy rains and rising temperatures is having an increasing effect on potato cultivation. The Calbee Group is decentralizing its production areas to mitigate the risks of climate change on procurement and to ensure sufficient yields and quality. Specifically, the Group is working with the Hokuren Federation of Agricultural Cooperatives in Hokkaido to promote potato cultivation in areas where potatoes are not primarily cultivated. The Group is also working to establish potatoes as part of a conversion from rice in the Tohoku and Kitakyushu areas of Japan.

### 5) Diversify suppliers

As we work to increase the number of potatoes we procure, there are cases where a year's harvest greatly exceeds projected yields, owing to weather or other factors. When this happens, it is still important we avoid building up a surplus and sell what we procure to ensure that producers can continue to grow their crops stably in following years. Therefore, in domestic processing and sales, we are ramping up sales of potato chips and other products. We are also doing the same for potatoes used as produce, and in commercial processing and frozen goods. In addition, we export domestically-grown potatoes to overseas Group factories. These are some of the efforts we are taking to diversify our supply destinations as we continue to try and increase the amount of potatoes we procure in Japan, while also making sure that procurement remains stable.

### Future issues

The Calbee Group has suffered from insufficient potato yields over the past two years as a result of climate change. We have shifted our initial goal and KPI of procuring 400,000 tons of potatoes domestically from the fiscal year ended March 31, 2024, to the year 2030. To make agriculture more sustainable, we have developed new varieties and worked to reduce the labor associated with agricultural work, among other measures. In addition, we will reinforce our value chain through engaging in more vigorous social co-creation to combat and help resolve climate change.



Flowering potato fields

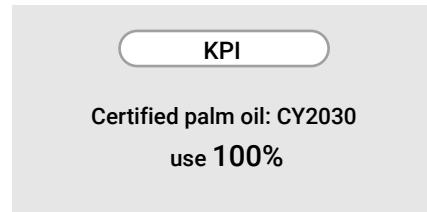


Stored potatoes



## 4 Ensuring the Sustainability of Raw Materials and Logistics with Improved Efficiency

The Calbee Group has built a consistent supply chain to deliver products to customers, which ranges from procurement of raw materials and product planning, to production and sales. We are committed to the procurement of sustainable raw materials in response to the changing conditions and various risks that affect our business.



### Sustainable, environmentally conscious procurement: use of certified palm oil

Since September 2022, the Company has displayed the RSPO Trademark Logo\*<sup>1</sup> on the packages of six of its products across four product categories. Products marked with this logo utilize RSPO certified palm oil produced with consideration for the environment and human rights. From October 2022, we will begin displaying the logo on some products produced by consolidated subsidiary Japan Frito-Lay Ltd. and expand the number of products bearing the logo over time.



Palm oil is the general term used for oil extracted from the fruit of the oil palm tree, and is the most-produced vegetable oil in the world. In recent years, palm oil has been at the center of major social problems, such as environmental destruction caused by palm plantation development, and human rights violations including forced labor and child labor. The Calbee Group uses palm oil as a cooking oil, mainly in the frying process, and procures approximately 40,000 tons annually. This makes palm oil an important raw material for the Group. Therefore, we have set a goal of using 100% certified palm oil by 2030 and are working toward this goal in stages. In January 2020, we joined the Roundtable on Sustainable Palm Oil (RSPO), a non-profit organization that promotes the production and use of palm oil with consideration for the environment and human rights. In the fiscal year ended March 31, 2021,

approximately 40,000 tons of palm oil was purchased as RSPO Credits through the Book and Claim system\*<sup>2</sup>. This amount corresponds to the amount of oil used in one year\*<sup>3</sup>. From July 2021, we began a staged transition to purchasing RSPO-certified palm oil at domestic Group factories through the Mass Balance system.\*<sup>4</sup> This system has since been introduced at all domestic factories.

\*1 The RSPO Trademark Logo is an ecolabel that companies can use upon meeting the prescribed conditions set by the Roundtable on Sustainable Palm Oil (RSPO). At least 95% of all palm-derived ingredients in a product must be certified by RSPO.  
\*2 A system in which RSPO Credits are traded online between palm oil producers and end-product manufacturers and sellers. The production of RSPO-certified palm oil is supported through this system, under which certified palm oil producers are supported by end-users who purchase RSPO Credits based on the volume of certified palm oil produced.  
\*3 Equivalent to annual consumption of palm oil purchased as cooking oil for frying and other purposes.  
\*4 A certification model in which certified palm oil is mixed with non-certified palm oil in the supply chain. Certified palm oil physically contains non-certified palm oil, but the volume of certified palm oil supplied by certified plantations is guaranteed.

### SPOTLIGHT

#### Procurement policy with consideration for human rights and the environment

In April 2022, the Calbee Group amended the Calbee Group Procurement Policy. These amendments were based on the Calbee Group Code of Conduct, which was amended in 2021, in an effort to respond to major changes in the social environment in which the Group conducts business. We will continue our work to resolve issues in our supply chain related to the environment and human rights, and work with our suppliers to realize a sustainable society.

In April 2022, the Group formulated its Calbee Group Palm Oil Procurement Policy. Under the policy, the Group supports No Deforestation, No Peat, No Exploitation (NDPE) commitments. Together with its suppliers, we are committed to sourcing certified palm oil from sustainable supply chains.

Furthermore, beginning with the fiscal year ended March 31, 2017, we have disclosed our “Statement Relating to UK Modern Slavery Act” in support of the English Modern Slavery Act 2015. In this statement, we disclose our efforts and policies toward forced or compulsory labor or human trafficking in the supply chain.

#### Contents of Calbee Group Procurement Policy

- I. Compliance with Laws and Regulations and Social Conventions and Pursuit of Fair Business Activities
- II. Respect for Human Rights
- III. Environmental Conservation and Protection
- IV. Ensuring Quality and Safety
- V. Living in Harmony and Co-creation with Society

▶ For more details regarding the Calbee Group Procurement policy with consideration for human rights and the environment please refer to our corporate website. <https://www.calbee.co.jp/sustainability/en/policies.php>

# 5 Caring for the Earth



The Calbee Group produces products that make use of natural ingredients, and therefore we believe that protecting the environment is one of our social responsibilities. To that end, we are engaging in various efforts to realize a recycling society, including measures to combat climate change, such as reducing greenhouse gas (GHG) emissions and conducting scenario analysis based on the Task Force on Climate-Related Financial Disclosures (TCFD), as well as measures to promote recycling and reduce plastic. In this manner, we are striving to protect the global environment.

KPI	
Total greenhouse gas emissions:	CY2030 30% reduction*
Product food loss:	FY2024/3 20% reduction*
Total water consumption:	CY2030 10% reduction*
Total waste generated:	CY2030 10% reduction*
Environmentally considerate material:	CY2030 use 50%, CY2050 use 100%

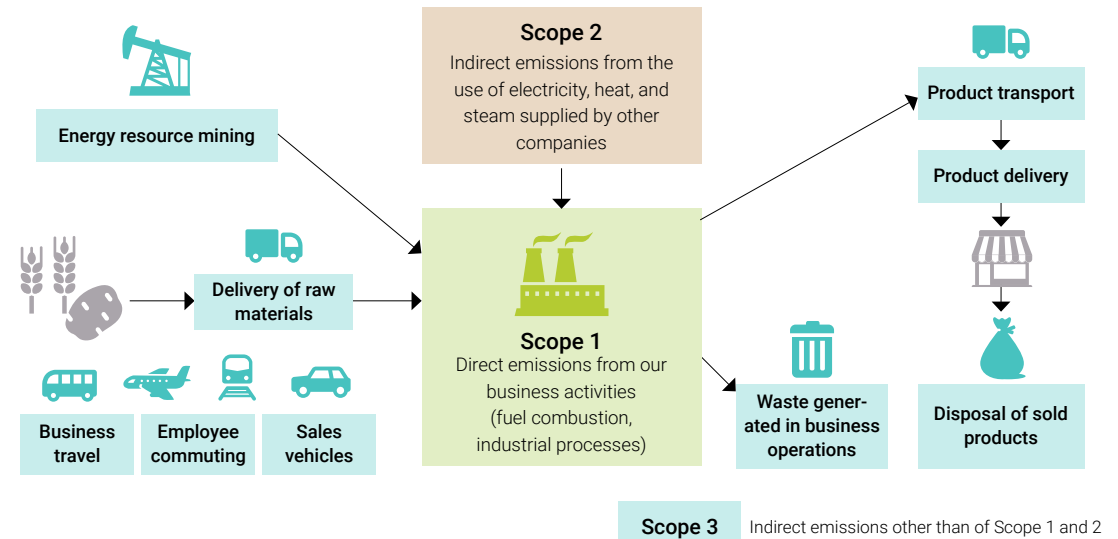
\* compared with FY2019/3

## Reduction of greenhouse gas (GHG) emissions

The Calbee Group is striving to reduce its GHG emissions in an effort to combat climate change, and has adopted the long-term target of realizing a 30% reduction in GHG emissions by the fiscal year ended March 31, 2031, compared with the fiscal year ended March 31, 2019. Furthermore, we are aiming to achieve effective net-zero emissions in Scope 1 and Scope 2 by 2050. To accomplish these goals, we have been transitioning to emissions-free electricity derived from renewable energy sources, such as hydropower and solar power. Additionally, we have been purchasing not only carbon-offset electricity utilizing the J-Credit Scheme\*1 but

also electricity via conventional non-fossil fuel energy certificates.\*2 Since the fiscal year ended March 31, 2020, we have been participating in the Kiyohara Industrial Park Smart Energy Project at our bases in Utsunomiya City, Tochigi Prefecture, which involves energy-conservation activities between factories together with other companies that have bases in this area. Via a framework for the joint use of electricity and heat generated from the Kiyohara Industrial Park Smart Energy Center, we have realized significant energy savings (approx. 20%, approx. 11,500 kl/year) and CO<sub>2</sub> reductions (approx. 20%, approx. 23,000 t/year),\*3 which would be difficult to achieve as a single base alone. Going forward, we will continue to promote energy-saving activities as well as initiatives to reduce GHG emissions and to expand our use of renewable energy.

\*1 J-Credit Scheme: A system under which the government certifies the amount of CO<sub>2</sub> and other emission reductions achieved through the use of renewable energy as credits.  
 \*2 A system in which the "non-fossil value" of electricity generated from "non-fossil power sources (methods of producing electricity)" that do not use fossil fuels such as oil and coal is extracted and sold as certificates.  
 \*3 Reduction rate for electricity and heat delivered from the energy center, which primarily utilizes co-generation (figures for fiscal year ended March 31, 2020, compared with fiscal year ended March 31, 2015).



### Protection of resources and realization of a recycling society

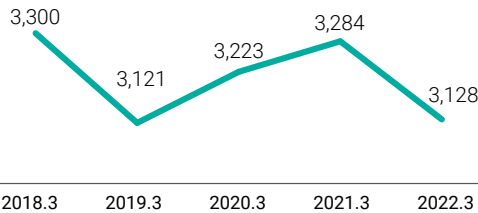
The Calbee Group has been working to gradually extend the expiration dates of our products to reduce food loss due to expiration. In the fiscal year ended March 31, 2020, we extended the product lifespan of *Potato Chips Crisp* and *Potato Chips*, and in the fiscal year ended March 31, 2021, we extended the expiration dates of *Jagabee* and *Jagarico*, etc. Going forward, we will strive to reduce food loss through various efforts, including strengthening of operations in accordance with Calbee standards on a regular basis, and reduction of product disposals due to poor quality of ingredients and manufacturing process failures.

Also, in an effort to promote net-zero emissions aimed at realizing a recycling society, we will rigorously implement the 3Rs (reduce, reuse, and recycle) by separating waste, reducing the amount of waste we generate, and utilizing residual waste as animal feed. We have also worked to reduce the amount of water consumed in "raw loss"\* and sludge, and were able to decrease the amount of overall waste we produce. In the fiscal year ended March 31, 2022, we achieved a recycling rate of 99.6%.

\* A term used for such materials as potato shavings and skin that cannot be used in products

Amount of water used

(thousands of m<sup>3</sup>)



Amount of waste / Recycling ratio



Note: Scope of calculation: Calbee, Inc. (manufacturing bases and R&D centers), Calbee Potato, Inc. (manufacturing bases), and Japan Frito-Lay Ltd. (manufacturing bases)

### Replacement and reduction of plastic packaging

In 1983, we developed a multilayer aluminum-metalized film to prevent the quality deterioration of products that use oils and fats, and introduced this film in our packaging and containers. After doing so, we focused on maintaining good product quality through a variety of improvements, while reducing the amount of plastic used by reducing the thickness and size of our product packaging. Additionally, in accordance with the Plastic Recycling Strategy announced by the Japanese government in May 2019, in the fiscal year ended March 31, 2021, we established targets for recycling plastic resources to be achieved by 2030 and 2050, respectively. To reach these targets, we will transition to biomass PET\* and biomass ink as packaging materials for standing pouch packaging products. At the same time, we will pursue such efforts as expanding the number of products we have that make use of paper packaging.

\* Biomass PET: A type of PET resin in which a portion of petroleum-derived plastic is replaced with plant-derived raw materials, with the aim of reducing environmental impact.



Thin Potato product that makes use of biomass PET as its packaging

#### SPOTLIGHT

#### Participating in the "30by30 Alliance for Biodiversity"

The Calbee Group has pledged its support for the 30by30 Alliance for Biodiversity and is participating as a full-time member in the Japan Business Initiative for Biodiversity (JBIB). The 30by30 Alliance for Biodiversity is a proposed international plan that aims to conserve and protect at least 30% of land and sea areas by 2030. Going forward, we will continue our active efforts to conserve and protect biodiversity as we work to address medium- to long-term issues dealing with the environment, society, and the economy.



## Disclosure Based on the TCFD Framework



The Calbee Group recognizes the impact climate change has on sustainable business growth as an important issue. Therefore the Group conducts a scenario analysis in line with the recommendations put forth by the Task Force on Climate-Related Financial Disclosures (TCFD) and is moving forward with initiatives according to the following framework.

### Governance

We consider issues related to climate change as important to the sustainability of business activities, and have therefore conducted an investigation into climate change scenarios. This project was spearheaded by the President & CEO of the Company, with members from the Corporate Planning Department and the Sustainability Promotion Office, and other members related to the value chain. Based on this investigation, we have identified major risks and opportunities that have been reported to the Board of Directors after deliberation by the Management Council. Countermeasures of the resulting list of risks and opportunities are reflected in our medium- to long term management strategies.

### Risk management

We conduct a thorough evaluation of risk levels, based on the impact of a potential risk on business and the frequency of occurrence, working from the understanding that climate change bears a major impact on business succession. When the evaluation identifies a major risk, the Ethics and Risk Management Advisory Board confirms the validity of this assessment. After these procedures, the Ethics and Risk Management Committee, chaired by the President & CEO, prepares a description of the major risk to be reported to the Board of Directors, along with countermeasures.



### Indicators and targets

#### Indicators

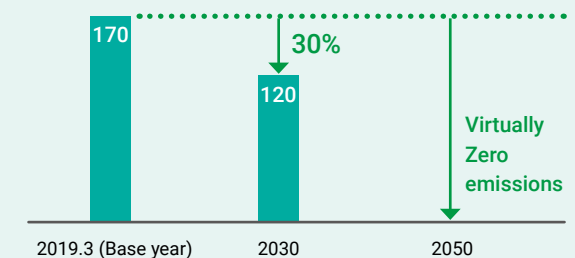
To limit greenhouse gas emissions, we have set a goal to reduce emissions 30% by 2030 compared with levels in the fiscal year ended March 31, 2019. We have also set a goal to achieve virtually zero Scope 1 and Scope 2 emissions by 2050. As further measures to avoid and mitigate the damage caused by climate change, we will promote the development of new varieties of potatoes adapted to the changing climate, and we will expand the amount of contracted area for potato production in Tohoku and central Hokkaido.

#### Targets

Register new varieties of potatoes adapted for climate change (four varieties by 2030)  
 Expand contracted area for potato production in Tohoku and central Hokkaido (area corresponding to 15,000 tons of potatoes, or 4.5% of potatoes procured domestically in fiscal year ended March 31, 2019, by 2030)

#### Targets for Greenhouse Gas emissions

(thousand tons)



Note: Calbee, Inc., and Obihiro Factory of Calbee Potato, Inc.



Strategy and Scenario Analysis

When identifying medium- to long-term risks and opportunities presented by climate change, we looked at two scenarios put forth by the Intergovernmental Panel on Climate Change (IPCC) and the International Energy Agency (IEA)—the 4°C scenario, in which the earth’s average temperature rises by 4°C or higher, and the 2°C scenario, in which the earth’s rising temperature is kept within 2°C, in line with the Paris Agreement. Both of these scenarios were analyzed and organized in terms of the impact of regulations of greenhouse gas emissions, the effect on the procurement of potatoes, and production, which are key materials for the Company. The analysis concluded that in the 2°C scenario, there would be major impacts in the form of direct damage to factories and raw materials production areas due to intensifying natural disasters, and in terms of consumer behavior due to increasing environmental awareness.

Similarly, the analysis of the 4°C scenario predicted intensifying natural disasters would cause damage to factories and raw materials production areas, and also brought to light the major impact that insufficient hours of sunlight would have on potato yields.

In response to these analyses, we are working to reduce our own greenhouse gas emissions, promote conversion and development of potato varieties, and decentralize our production areas. We also believe that addressing ethical consumption and developing products that utilize sustainable materials will create opportunities for the Company. We will continue to review these risks and opportunities, take concrete steps to implement measures, and reflect these risks and opportunities in our medium- to long-term management strategies. In doing so, we will strive to conduct business activities capable of social co-creation.

Risks and Opportunities Based on Climate Change Scenarios

Classification	Risk	Impact on Business	Degree of Impact*1	Period*2	Risk Countermeasures	Opportunities	
Transition Risks	Increase in carbon pricing	The introduction of a carbon tax will increase the cost of factory operations and raw materials	Low	Medium Term	<ul style="list-style-type: none"> <li>▶ Utilize renewable energy</li> <li>▶ Utilize methanation (the process of producing methane gas from hydrogen and carbon dioxide and converting it to fuel)</li> <li>▶ Make efforts to develop environmentally friendly products and acquire product certifications</li> <li>▶ Promote recycling</li> <li>▶ Switch to non-petroleum derived plastics</li> </ul>	<ul style="list-style-type: none"> <li>● Development of products to address ethical consumption</li> <li>● Conversion to packages that utilize environmentally friendly materials</li> <li>● Development of and conversion to potato varieties that can respond to climate change</li> <li>● Utilization of agricultural labor-saving techniques to ensure and expand the procurement of raw materials</li> <li>● Discovery of sustainable raw materials and development of products that utilize them</li> <li>● Development of foods with a long shelf life</li> </ul>	
	Changes in customer behavior due to increasing environmental awareness	Climate change will increase consumption of environmentally friendly products	Medium	Medium Term			
	Regulations on petroleum-derived plastics	Regulations on petroleum-derived plastics will lead to an increase in packaging material prices. Customers will increasingly opt for products that utilize biomass plastics as their environmental awareness grows	Medium	Medium Term			
Physical Risks	Impact of rising average temperatures on the cultivation of raw materials	Rising temperatures will reduce the relative weight of potatoes	Low	Medium Term	<ul style="list-style-type: none"> <li>▶ Develop and convert to new potato varieties</li> <li>▶ Establish new cultivation techniques</li> <li>▶ Decentralize production areas</li> <li>▶ Secure import routes for potatoes produced overseas</li> <li>▶ Formulate BCP with protocols for abnormal weather</li> <li>▶ Decentralize production sites for major products</li> <li>▶ Utilize hazard maps as a basis for factory construction</li> <li>▶ Establish supply system from overseas factories</li> </ul>	<ul style="list-style-type: none"> <li>● Development of foods with a long shelf life</li> </ul>	
	Chronic	Changing precipitation and weather patterns	Changing precipitation and weather patterns will reduce the number of hours of sunlight, resulting in poor potato growth and lower yields	High			Medium Term
	Acute	Increased frequency of abnormal weather (Heavy rains, typhoons, flooding, etc.)	Violent weather will cause damage to potato fields during harvest season, damage to factories, and halt distribution, which will result in lower procurement, production, and supply	High			Short term

\*1 (Operating profit) High: ¥5.0 billion and higher; Medium: ¥2.0 billion to ¥5.0 billion; Low: ¥2.0 billion and lower \*2 Short term: 2024; Medium term: Approx. 2030

# 6 Foster Deeper Connections with People, Local Societies, and Communities

The Calbee Group is committed to addressing social issues pertaining to people, local society, and communities, and is working to deepen its connection with stakeholders in the areas of the environment (nature's gifts), food (deliciousness and fun), and health (vitality).

KPI

**Food communications\***  
Number of participants:  
FY2024/3  
**(5 years cumulative) 400,000**

\* Food education activities such as Calbee Snack School and factory tours

## Invigoration of food communications

We are engaging in dialogue with people of all ages through “food communication,” which shares information on how to enjoy food, proper food knowledge, and the importance of a healthy global environment. As part of these activities, we promote nutrition education for children and offer tours of certain factories in Japan. Amid the ongoing COVID-19 pandemic, we have been conducting food communication through the use of the internet.



### Food educational activities

We began the Calbee Snack School in 2003, and, since 2020, we have been offering programs that teach about the importance of breakfast. To date, a total of 720,000 people have participated in the school.



### Factory tours

We currently offer tours at three of our factories (Kiyohara Factory, Hokkaido Factory, and Hiroshima Factory). Since 2020, these tours have been conducted virtually.

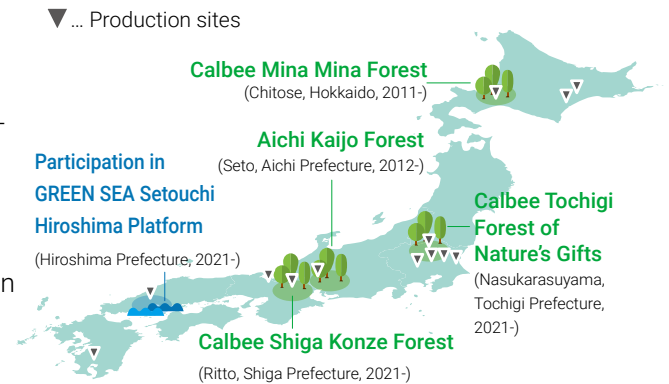


**Snack contest—Turning the Ideas of Elementary School Students into Products**  
With the desire to have children enjoy the excitement of craftsmanship, we began the Snack Contest in 2011, which solicits ideas for snacks. In the fiscal year ended March 31, 2022, we collected a total of 692 ideas for products on the theme of turning something from the classroom into a delicious snack. The top two ideas were turned into actual products.

## Contributions to local societies

### Striving for the sustainable recycling of water resources through forest maintenance

Through the use of groundwater, the Calbee Group's production sites benefit from the blessings of forests, which serve as a water source. To that end, we engage in forest maintenance activities in areas surrounding our production sites and are working to reduce marine plastic pollution. In these ways, we aim to maintain and improve the ability to sustainably conserve headwater. Our employees engage in forest maintenance activities of their own volition, and such activities provide them with an opportunity to once again appreciate nature's gifts and consider the important responsibility that comes with making use of groundwater.



### SPOTLIGHT

#### Concluding an agreement for comprehensive collaboration with Hiroshima prefecture

Calbee and Hiroshima Prefecture signed an agreement for comprehensive collaboration in May 2022 with the aim of improving services to residents of the prefecture and revitalizing local communities. Also, Calbee is proceeding with preparations to build a new factory in Saeki Ward, Hiroshima City (operations slated to start during the fiscal year ending March 31, 2025).



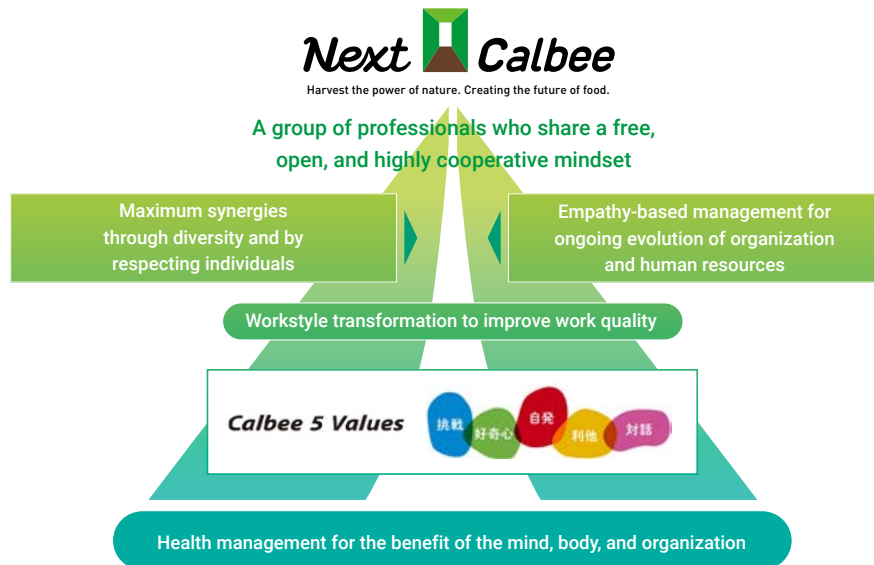
# 7 Promote Active Roles for All Employees Based on Diversity



Human resources are our most important asset in terms of promoting the business reforms needed to realize “Next Calbee.” They also serve as the driving force for spurring the innovation required to achieve sustainable growth. To that extent, we are striving to create a virtuous cycle in which our employees are able to enhance their lives, increase work efficiency, and improve their performance, thereby being able to work with a sense of fulfillment.

## Calbee Group human resource strategy

In order to become a group of professionals who work while sharing a free, open, and highly cooperative mindset, we are striving to evolve our organization and our personnel through the promotion of diversity and inclusion, and empathy-based management. The workstyle reforms that we have been promoting to enhance the quality of work have brought about significant change in the behavior of all employees. Furthermore, we have set out the “Calbee 5 Values”



(Boldness, Curiosity, Self-motivation, Altruism and Dialogue) as the qualities we want in our employees. Guided by these values, we encourage our employees to take on the challenge of creating medium- to long-term innovation without excessively focusing on short-term results.

## Employee engagement

We introduced the Calbee Group Membership Survey in the fiscal year ended March 31, 2019, with the aim of visualizing the status and mindset of our employees. Based on the survey results, we came to understand that, although there was a high level of willingness to contribute to the Company’s growth through management practices and cultural reform, some issues exist in each workplace. The results of this survey were communicated to executives via workshops, and they are striving to resolve these issues through day-to-day management practices.

### Overall survey score\*

- \* Score averages are calculated based on six core items.
- 1. Growth opportunities
  - 2. Opportunities to contribute
  - 3. Mutual understanding
  - 4. Willingness to contribute
  - 5. Willingness to continue to work
  - 6. Pride in work/company

Fiscal year ended March 31, 2022	<b>3.45</b>
Fiscal year ended March 31, 2021	<b>3.48</b>
Fiscal year ended March 31, 2020	<b>3.35</b>

(non-consolidated basis, max score of 5)

## Empathy-Based management that encourages the ongoing evolution of organizations and human resources working One-to-One to encourage autonomy and growth

We have introduced one-to-one dialogues between staff members and managers to encourage employee autonomy and growth. Every year, we conduct training for all managers to elicit members’ thoughts and ideas through coaching skill acquisition and opportunities for dialogue among managers.



Promotion of diversity and inclusion

We aim for diversity management that gives our diverse group of human resources a fair chance to make the most of their individual talents to produce results for the organization and the Company.

Ratio of women in management

**Goal: Over 30% by the FY2024/3**  
**Results: 23.3%** (As of April 2022)

In the future, we aim to increase the ratio of women in management to around half, the same level as our female employees. To that end, top management will lead the effort to systematically and continuously promote women to higher positions, to conduct a variety of training and workshops, and to establish an environment in which women feel comfortable and motivated to work.

Message



**Naomi Tanehashi**  
 HR Manager, West Japan Operating Department, Production Division Calbee, Inc.

**We are working hard to promote diversity in production sites**  
 It has been difficult to appoint women to managerial positions at production sites, so we have begun deliberate human resource development to diversify management. Candidates are actively encouraged to take part in the Leadership Training Program for Women, and, as of April 2022, there are 20 women in managerial roles at production sites. This is roughly triple the number of female managers in 2012.

Ratio of male employees taking childcare leave

**Goal: 100% by the FY2024/3**  
**Results: 28.8%** (FY2022/3)

We are working to create a more flexible work environment that makes it easier to take childcare leave. We support employees, regardless of gender, by providing a workplace that allows them to balance work duties with raising children, and through workshops for management.

Ratio of employment of people with disabilities

**Goal: 2.5% by the FY2024/3**  
**Results: 2.66%** (FY2022/3)

In 2007, we established Calbee Eatalk Co., Ltd., a special subsidiary with the goal of giving all employees the chance to play an active role in a company, regardless of any disability they may have. The company has two business locations where employees package gift snack items and perform other duties.



Workstyle transformation

We support and promote more flexible work styles that help create an environment where every employee can put their abilities to full use, while feeling motivated and healthy in body and mind.

Continued evolution of "Calbee New Workstyle"

Since July 2020, we have promoted mobile work for office workers in general. From February 2021, we introduced the Cal-Bit Worker System, which brought in external workers who have side job. In December of the same year, we introduced a system that allowed all employees to take side jobs. Combining knowledge from within the Company with new knowledge brought in from the outside will speed up the creation of new value.



Message



**Momoyo Funahashi**  
 Potato Chips Team, Marketing Division Calbee, Inc.

Main Job x Side Job = Greater intrapersonal diversity

I am currently a part-time lecturer at a university and have a side job in a flower-related business. When I had a clear idea of what I wanted to do and what I wanted to achieve, I took advantage of Calbee's side job option. I would like to be a more diverse individual with a lifestyle combining a main job job and a side job.

External evaluations



**Nadeshiko Brand 2022**  
 The Ministry of Economy, Trade and Industry of Japan and the Tokyo Stock Exchange jointly selected Calbee as a Nadeshiko Brand 2022 in recognition of its outstanding achievements in promoting women's advancement in the workplace.
















**Outstanding Health and Productivity Management Organization 2022 (in the Large Organization Category)**  
 Calbee was selected as a 2022 Outstanding Health and Productivity Management Organization for three consecutive years. by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi as an organization practicing outstanding health and productivity management.







**Gold Award (highest award) in the Gan-Ally Award 2021**  
 Calbee won a Gold Award, the highest award, in the Gan-Ally Awards 2021 in recognition of the support it provides employees with cancer to help them continue to work while receiving medical treatment.



# Priority Themes and Major Measures

Category	Materiality	Priority themes	Key measures aimed at reaching targets	Targets (KPIs)	Results for the fiscal year ended March 31, 2022	Correspondence with the SDGs
Contributions through products	<b>1 Assurance of food safety</b> ▶ Relevant information on page P32	Prevention of safety and quality incidents Initiatives for monitoring security Product improvements reflecting customer feedback	—	—	—	 
	<b>2 Response to health-conscious and diversifying lifestyles</b> ▶ Relevant information on page P33	Provision of health-conscious products	<ul style="list-style-type: none"> <li>Gradually reduce the amount of salt in products</li> <li>Expand sales ratio of protein-rich products</li> </ul>	FY2024/3 <ul style="list-style-type: none"> <li>Salt equivalent in products*<b>20% reduction</b> (compared with FY2019/3)</li> <li>Sales ratio of protein-rich products*<b>10%</b></li> </ul>	<ul style="list-style-type: none"> <li><b>▶ 6.9% reduction</b></li> <li><b>▶ 5.8%</b></li> </ul>	 
Contributions through the supply chain	<b>3 Progress of sustainable agriculture</b> ▶ Relevant information on page P34	Sustainable, environmentally conscious procurement: Stable procurement of potatoes	<ul style="list-style-type: none"> <li>Promote development of potato varieties and scientific cultivation</li> <li>Reduce agricultural labor</li> <li>Disperse production areas and diversify suppliers</li> </ul>	CY2030 <ul style="list-style-type: none"> <li>Domestic procurement volume of potatoes <b>400,000 tons</b> (up 20% compared with FY2019/3)</li> </ul>	<ul style="list-style-type: none"> <li><b>▶ 319,000 tons</b></li> </ul>	  
	<b>4 Ensuring the sustainability of raw materials and logistics with improved efficiency</b> ▶ Relevant information on page P36	Sustainable, environmentally conscious procurement: use of certified palm oil	<ul style="list-style-type: none"> <li>Bidding for and purchasing credits through Book &amp; Claim</li> <li>Promote initiatives to encourage use of Mass Balance Certification Mark</li> </ul>	CY2030 <ul style="list-style-type: none"> <li><b>100% use</b> of certified palm oil</li> </ul>	<ul style="list-style-type: none"> <li><b>▶ Usage of Mass Balance certified palm oil 70%*</b></li> </ul> <p>* Equivalent to annual consumption of palm oil purchased as cooking oil for frying, etc. Any shortfalls are covered by purchasing book and claim credits</p>	
Contribution to the global environment and local communities	<b>5 Caring for the earth</b> ▶ Relevant information on page P37	Reduction of greenhouse gas emissions	<ul style="list-style-type: none"> <li>Reduce Scope 1 and Scope 2 emissions Switch electricity suppliers, energy-saving activities, on-site generation at plants, etc.</li> <li>Reduce Scope 3 emissions Change carton sizes, reduce delivery frequency, improve loading efficiency</li> </ul>	CY2030 <ul style="list-style-type: none"> <li>Total greenhouse gas emissions <b>30% reduction</b> (compared with FY2019/3)</li> </ul>	<ul style="list-style-type: none"> <li><b>▶ 11.4% reduction</b></li> <li>Scope 1: 2.9% reduction</li> <li>Scope 2: 51.5% reduction</li> <li>Scope 3: 6.7% reduction</li> </ul>	    

Category	Materiality	Priority themes	Key measures aimed at reaching targets	Targets (KPIs)	Results for the fiscal year ended March 31, 2022	Correspondence with the SDGs
Contribution to the global environment and local communities	<b>5 Caring for the earth</b> ▶ Relevant information on page P38	<b>Protection of resources and realization of a recycling society</b>	<ul style="list-style-type: none"> <li>Reduce product food losses</li> <li>Reduce water consumption</li> <li>Promote “3Rs”</li> </ul>	FY2024/3 <ul style="list-style-type: none"> <li>Product food loss <b>20% reduction</b></li> </ul> CY2030 <ul style="list-style-type: none"> <li>Total water consumption <b>10% reduction</b></li> <li>Total waste generated <b>10% reduction</b></li> </ul> (All compared with FY2019/3)	<ul style="list-style-type: none"> <li>▶ <b>11.8% reduction</b></li> <li>▶ <b>1.2% increase</b></li> <li>▶ <b>7.2% reduction</b></li> </ul>	
		<b>Replacement and reduction of plastic packaging</b>	<ul style="list-style-type: none"> <li>Reduce petroleum-based plastic packaging</li> <li>Switch to alternative materials and promote recycling</li> </ul>	CY2030 <ul style="list-style-type: none"> <li>Environmentally considerate material <b>use 50%</b></li> </ul> CY2050 <ul style="list-style-type: none"> <li>Environmentally considerate material <b>use 100%</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ Packaging paper new line <b>5 products</b></li> <li>Biomass-derived PET plastic <b>4 brands</b></li> </ul>	
	<b>6 Foster deeper connections with people, local societies, and communities</b> ▶ Relevant information on page P41	<b>Invigoration of food communications</b>	<ul style="list-style-type: none"> <li>Expand Calbee Snack School (food education)</li> <li>Invigorate and promote factory tours</li> </ul>	FY2024/3 <ul style="list-style-type: none"> <li>Food communications Number of participants*3 <b>400,000</b></li> </ul> (5 years cumulative)	<ul style="list-style-type: none"> <li>▶ Number of participants (since 2020) <b>164,113</b></li> </ul>	
		<b>Contributions to local societies</b>	<ul style="list-style-type: none"> <li>Expand activities in the environmental domain</li> <li>Strengthen activities in the health domain</li> </ul>	—	—	
Establishment of management base	<b>7 Promote active roles for all employees based on diversity</b> ▶ Relevant information on page P42	<b>Promotion of diversity and inclusion</b>	—	FY2024/3 <ul style="list-style-type: none"> <li>Ratio of women in management <b>Over 30%</b></li> <li>Ratio of male employees taking childcare leave <b>100%</b></li> <li>Ratio of employment of people with disabilities <b>2.5%</b></li> </ul>	<ul style="list-style-type: none"> <li>▶ <b>23.3%</b> (April 2022)</li> <li>▶ <b>28.8%</b></li> <li>▶ <b>2.66%</b></li> </ul>	
		<b>Strengthening of human resource development</b> <b>Workstyle transformation</b>	—	—	—	
Establishment of management base	<b>8 Enhance corporate governance</b> ▶ Relevant information on page P46	<b>Establishment of corporate governance organizations and frameworks</b>	—	—	—	
		<b>Bolster compliance and risk management</b> <b>Respect for human rights of stakeholders</b>	—	—	—	


(Notes) Product food loss reduction targets and results are for domestic Calbee Group companies excluding Potato Kaitsuka Ltd., Targets and results for reduction of greenhouses gases are for factories operated by Calbee, Inc., and the Obihiro Factory of Calbee Potato, Inc. All other indices are for Calbee, Inc.

\*1 Salt content of all products sold as a percentage of the total weight of products sold \*2 13% or more of total energy consumption accounts for protein \*3 Food education activities such as Calbee Snack School and factory tours

# SECTION 4 Corporate Governance

## Basic policy on corporate governance

Calbee has a vision of being a company with the “respect, admiration and love, firstly of our customers, suppliers, and distributors, secondly of our employees and their families, thirdly of the communities, and finally of our stockholders.” The reason for this vision is we believe that management that puts customers and business partners first will maximize profits for our shareholders. We believe that enhancing corporate governance is crucial to live up to the trust and expectations of all stakeholders and increase corporate value, and, based on this frame of mind, we intend to increase the transparency of management while building up our internal control and compliance systems.

 We have formulated Calbee's Corporate Governance Code, which systematizes our basic policy on corporate governance.  
**Calbee's Corporate Governance Code**  
[https://www.calbee.co.jp/en/ir/pdf/2021/governance\\_code.pdf](https://www.calbee.co.jp/en/ir/pdf/2021/governance_code.pdf)

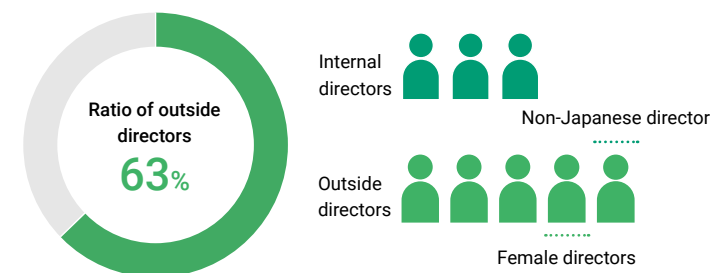
## Corporate governance system

We recognize corporate governance as a management priority and have been working to strengthen and enhance our corporate governance system from an early stage. As such, we have adopted a corporate governance system that has functions of management oversight. It comprises the Board of Directors, which has a majority of outside directors, and the Audit & Supervisory Board members, and Audit & Supervisory Board. We have introduced an executive officer system to separate business execution and supervisory functions to improve management transparency, clarify management responsibilities, speed up decision-making, and strengthen the management oversight function. In addition, the Board of Directors and the executive officer system place importance on diversity in regard to the backgrounds and values of the members.

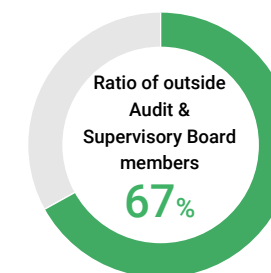
## Transition of corporate governance system enhancement

	Purpose	Measures taken
2001	<b>Separation of supervision and business execution</b>	<ul style="list-style-type: none"> <li>Adopted an executive officer system</li> <li>Appointed outside directors</li> </ul>
2009	<b>Enhancement of supervisory and monitoring functions</b> <b>Promotion of diversity of the Board of Directors</b>	<ul style="list-style-type: none"> <li>Reduced the number of internal directors from nine to two</li> <li>Increased the number of outside directors from two to five</li> <li>Appointed the first non-Japanese director</li> </ul>
2010	<b>Enhancement of management transparency and soundness</b>	<ul style="list-style-type: none"> <li>Established the Advisory Board (currently the Nominating Committee/Compensation Committee)</li> </ul>
2014	<b>Clarification of management responsibility</b>	<ul style="list-style-type: none"> <li>Reduced director terms from two years to one year</li> </ul>
2019	<b>Strengthening of management structure</b>	<ul style="list-style-type: none"> <li>Increased the number of internal directors by two; the Board of Directors increased from six to eight</li> </ul>
	<b>Clarification of the function of committees</b>	<ul style="list-style-type: none"> <li>Changed the Advisory Board into the Nominating Committee/Compensation Committee, chaired by an outside director</li> </ul>

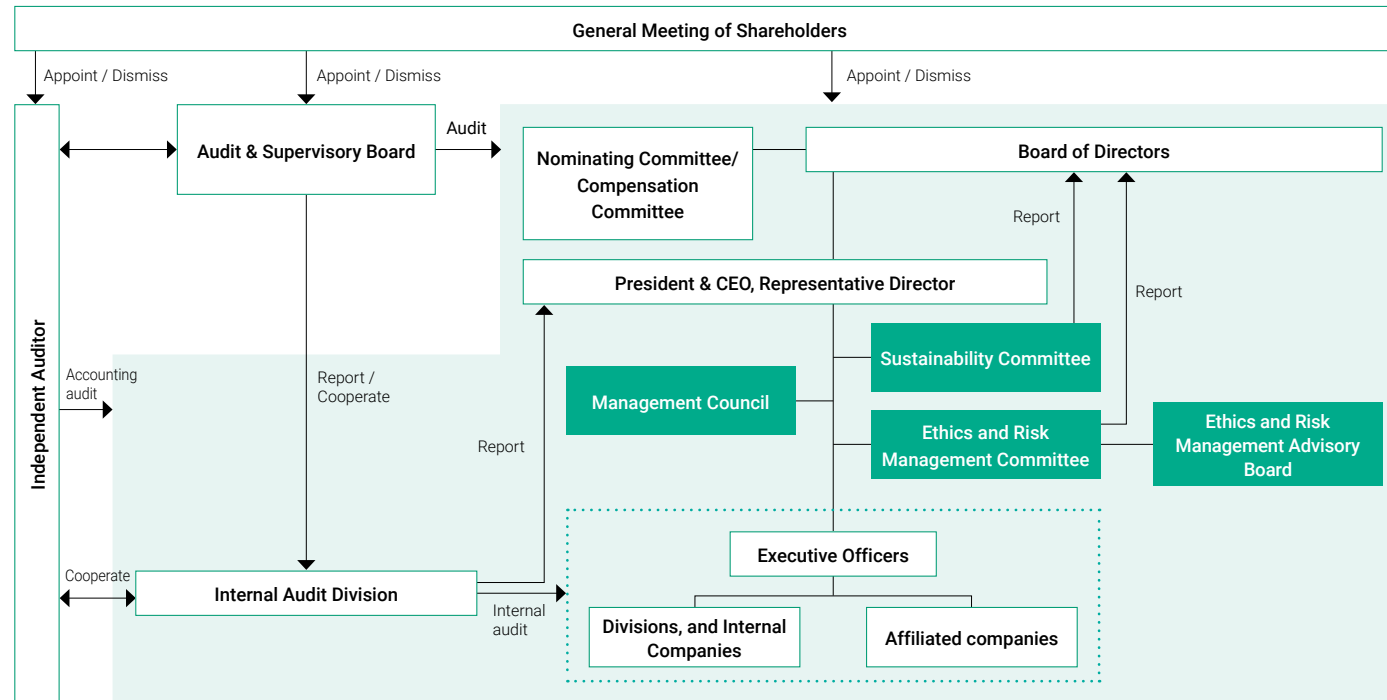
Number of directors 8



Number of Audit & Supervisory Board members 3



Organization of corporate governance



▶ Corporate governance system

Main items	Contents	Main items	Contents
Form of institutional design	Company with Audit and Supervisory Board	<b>Audit &amp; Supervisory Board members</b>	
<b>Board of Directors</b>		Term of office	4 years
Term of office	1 year	Number of Audit & Supervisory Board members (of whom, outside Audit & Supervisory Board members)	3 (2)
Number of directors (of whom, outside directors)	8 (5)	Number of meetings of Audit & Supervisory Board (FY2022/3)	14
Number of meetings of the Board of Directors (FY2022/3)	13	Adoption of an executive officer system	Yes
Board of Directors' attendance ratio (all members)	99%		

● **Board of Directors**

The Board of Directors holds regular meetings once per month, in principle. The Board formulates and makes decisions regarding important management policies and strategies connected to sustainable growth and improving corporate value in addition to making decisions concerning statutory matters, and supervises business execution.

● **Nominating Committee/Compensation Committee**

The Nominating Committee/Compensation Committee meets four times a year, in principle. It is a discretionary committee chaired by an outside director. The committee discusses the nomination and compensation of directors and Audit & Supervisory Board members.

● **Audit & Supervisory Board**

The Audit & Supervisory Board consists of three Audit & Supervisory Board members. (Including 2 outside Audit & Supervisory Board members). The Board ensures transparency and oversees audits management.

● **Management Council**

The Management Council meets once a month, in principle. Regular members consist of senior executive officers (including three directors) and the general manager of the Corporate Planning Department. The council verifies the current status of, and issues facing, business administration and conducts preliminary discussions on important matters.

● **Sustainability Committee**

The Sustainability Committee is responsible for determining material issues for the Calbee Group, deliberating on priority themes, and managing the progress of initiatives.

● **Ethics and Risk Management Committee**

The Ethics and Risk Management Committee is chaired by the president & CEO. The committee discusses, decides, and manages progress on issues and countermeasures related to promoting compliance and risk reduction.

● **Ethics and Risk Management Advisory Board**

The Ethics and Risk Management Advisory Board includes an eternal expert. The Board discusses management risks and compliance issues, and then makes proposals to the CEO and the Ethics and Risk Management Committee.



## Policies and processes for appointing Directors and Audit & Supervisory Board Members

### Policy

#### ► Composition of the Board of Directors

The Board of Directors is composed of a majority of independent directors. We actively promote the Board's diversity by appointing members with differing personal histories, genders, and nationalities. In addition, we appoint a balanced combination of outside directors with backgrounds in many different areas of expertise, such as the food industry, general industry, academia, and journalism.

#### ► Policy on appointing Outside Directors and Outside Audit & Supervisory Board members

In appointing outside directors or outside Audit & Supervisory Board members, we place importance on the following points and comprehensively consider whether or not they contribute to sound and efficient corporate management. Evaluations of the independence of directors and Audit & Supervisory Board members are conducted based on the standards established by the Tokyo Stock Exchange.

- Expectations for useful, objective, and fair advice and supervision based on a thorough knowledge and experience of corporate management, and a high level of knowledge in the food industry
- Expectations for useful, objective, and fair advice and supervision based on a high level of knowledge in the specific field

### Processes

The nomination of outside directors is decided upon approval at the General Meeting of Shareholders after being reviewed by the Nominating Committee, which is a discretionary advisory committee, and recommended by the Board of Directors. Regarding the nomination of candidates for outside Audit & Supervisory Board members, candidates must have a strong will to respond to the mission entrusted to them from the shareholders and a background in finance, accounting, and/or law. Candidates are recommended by the Board of Directors and approved by the Audit & Supervisory Board before being decided on at the General Meeting of Shareholders.

## Enhancing the effectiveness of the Board of Directors

### Evaluation of the effectiveness of the Board of Directors

To continuously improve the effectiveness of the Board of Directors, we conduct an annual evaluation of its effectiveness. Directors are interviewed individually and fill out a questionnaire pertaining to the effectiveness of Board meetings. Effectiveness is evaluated in terms of whether the Board of Directors is capable of decision-making that increases corporate value from the shareholders' perspective and whether the Board can fulfill its supervisory function over executive divisions. Results are then analyzed to further improve the functions of the Board of Directors.

### Method of evaluation of the effectiveness

In the evaluation of the effectiveness of the Board of Directors for the fiscal year ended March 31, 2022, questionnaires on the following subjects were issued to directors and Audit & Supervisory Board members. The format of these questionnaires involved three-level quantitative evaluation and open response columns. In order to develop a better understanding of the questionnaire responses, individual meetings were held with all directors, and the results were discussed at a Board of Directors' meeting.

#### ► Questionnaire subjects

1. Processes and composition of the Board of Directors
2. Specialties and diversity of directors
3. Auditing systems
4. Adequacy of discussions at Board of Directors' meetings from a medium- to long-term perspective
5. Sufficiency of discussion on Director/officer appointments by Nominating Committee
6. Adequacy of discussions on evaluations and compensation of Director/Senior management by Compensation Committee

### Results of effectiveness evaluation

The evaluation conducted in the fiscal year ended March 31, 2022, found that the Board of Directors was sufficiently effective.

Results

	Results
<b>Quantitative evaluation</b>	<ul style="list-style-type: none"> <li>The overall average for all responses was “generally appropriate,” and responses of “generally appropriate” and “appropriate” were received for more than 90% of questions.</li> </ul>
<b>Qualitative evaluation</b>	<ul style="list-style-type: none"> <li>The number of outside directors and other aspects of the composition of the Board of Directors were deemed appropriate, and directors are effectively performing their duties.</li> <li>The directors selected feature diverse career backgrounds and possess the insight and expertise required to perform their duties.</li> <li>Although meetings of the Board of Directors were held remotely, brisk, unrestrained, and meaningful discussion took place with frequent questions asked, despite the time limitations.</li> <li>Outside directors engaged in discussions based on their varied perspectives and with sufficient information due to materials on agenda items supplied in advance of meetings.</li> </ul>
<b>Areas of particular improvement</b>	<ul style="list-style-type: none"> <li>Improvement has been seen in discussions from a medium- to long-term perspective with regard to agenda items for Board of Directors’ meetings.</li> <li>The addition of internal Audit &amp; Supervisory Board members well versed on Calbee’s business in the fiscal year ending March 31, 2023, is anticipated to make for a strong auditing system comprised of two full-time Audit &amp; Supervisory Board members.</li> </ul>

### Initiatives based on issues recognized in evaluation in the fiscal year ended March 31, 2021

The Board of Directors took steps to enhance reporting regarding the progress of important overseas projects, new development projects that are priorities under the Medium-term Business Plan, and the establishment and implementation of sustainability strategies, climate change response measures, and digital transformation strategies. In addition, avenues for monitoring these activities and pursuing qualitative improvements were pursued. Moreover, input and suggestions received from institutional investors and other stakeholders was shared at meetings of the Board of Directors via discussion with outside directors and investors in order to facilitate deliberations aimed at improving corporate value.

### Future initiatives by the Board of Directors

In the fiscal year ending March 31, 2023, initiatives will advanced based on the following three priority themes in order to drive ongoing improvements to the effectiveness of the Board of Directors through means such as reinforcing risk management and internal control.

Priority themes	Policies
<b>Discussions for policies and strategies regarding important management issues</b>	<p>It is important for the Board of Directors to discuss the growth strategies to be implemented leading up to 2030 as well as the related priority issues. The following goals will be pursued by the Board of Directors based on a recognition of the importance of formulating policies and resource allocation founded on appropriate strategies.</p> <ul style="list-style-type: none"> <li>Provision of more opportunities for regularly sharing information regarding the progress of new businesses and the issues that have arisen during the course of these businesses</li> <li>Expansion of opportunities for tracking M&amp;A and post-merger integration projects in overseas businesses and the status of raw material procurement in frontline operations</li> <li>Emphasis on quantitative indicators when deciding policies and strategies</li> </ul>
<b>Enhancement of monitoring regarding strategy formulation and implementation</b>	<p>We will enhance monitoring by the Board of Directors through the bolstering of the scope and targets of monitoring.</p> <ul style="list-style-type: none"> <li>Confirmation of the progress of strategic investment and development projects and status of projects facing issues along with reasons for issues and remedy measures</li> <li>Confirmation of status of human resources, digital transformation, and other important management measures</li> </ul>
<b>Expansion of roles and activities of nominating committee and compensation committee</b>	<p>The roles of the Nominating Committee and the Compensation Committee will be clarified based on the understanding of their critical role in improving corporate governance in order to fully capitalize on their respective functions.</p> <ul style="list-style-type: none"> <li>Coordination between Board of Directors and Nominating Committee and the Compensation Committee regarding succession planning</li> <li>Enhancement of Nominating Committee and the Compensation Committee secretariat functions and coordination with outside directors</li> </ul>

## Executive remuneration

To enhance management transparency, remuneration paid to directors goes through a process of discussion by the Compensation Committee, resolution by the Board of Directors, and approval at the General Meeting of Shareholders. Remuneration for senior executive officers goes through a process of discussion by the Compensation Committee and then resolution by the Board of Directors. The remuneration of the Company's directors and senior executive officers comprises 1) basic remuneration (fixed remuneration), 2) bonuses (variable remuneration), 3) performance-based stock

compensation(variable remuneration), and 4) retirement bonus(variable remuneration). Approximately half of the remuneration is performance-based to promote medium- to long-term growth in addition to continued and improved performance every fiscal year and to connect remuneration to shareholder interests.

Outside directors and Audit & Supervisory Board members are limited to fixed remuneration only, as they are in positions independent from business execution.

<b>Director</b> (excluding outside directors)	<b>Basic remuneration 50%</b>			<b>Bonuses 25%</b>		<b>Performance-based stock compensation</b>		<b>Retirement bonus 25%</b>	
<b>Senior executive officers</b>	<b>1. Basic remuneration</b>		<b>2. Bonuses</b>			<b>3. Performance-based stock compensation</b>		<b>4. Retirement bonus</b>	
<b>Position</b>	Compensation for executive duties		Short-term incentive			Medium- to long-term incentive			
<b>Payment form</b>	Cash		Cash			Shares		Cash	
<b>Overview</b>	<ul style="list-style-type: none"> <li>• Payment of compensation based on operational execution duties for specific ranks</li> <li>• Compensation amounts decided through comprehensive assessment of ranks, duties, and responsibilities</li> </ul>		<ul style="list-style-type: none"> <li>• Annual compensation linked to degree of accomplishment of targets set for evaluation indicators</li> <li>• Payments based on duties and degree of accomplishment of targets for personal performance indicators and consolidated performance indicators (net sales, operating profit, and profit attributable to owners of parent)</li> <li>• Diversity and other human resource development targets representing 50% of personal performance indicators</li> </ul>			<ul style="list-style-type: none"> <li>• Non-monetary remuneration issued at time of resignation based on points (shares of Company stock) allocated each year in accordance with rank and degree of accomplishment of consolidated performance targets</li> </ul>		<ul style="list-style-type: none"> <li>• One half of the annual bonus amount set aside and paid in one lump sum upon retirement</li> </ul>	
	<b>Rate of Influence of Evaluations on Bonuses</b>					<b>Evaluation Indicators for Performance-Based Stock compensation</b>			
<b>In-house company presidents</b>	Consolidated performance 50%		In-house company performance 30%		Personal performance 20%	Prior to March 31, 2022		Profit attributable to owners of parent	
						Consolidated Net Sales 20%	Consolidated operating profit 50%		30%
<b>Other officers</b>	Consolidated performance 70%			Personal performance 30%		From April 1, 2022			
						Consolidated Net Sales 20%	Consolidated operating profit 40%	25%	Sustainability targets* 15%
<b>Outside directors/ Audit &amp; Supervisory Board Members</b>	<b>Basic remuneration 100%</b>								

\* Sustainability targets have been set for protein-rich product sales ratio, ratio of women in management, domestic procurement volume of potatoes, Food Communications participants, rate of use of certified palm oil (rates of accomplishment of the targets indicated on the Company's corporate website for the aforementioned indicators), and employee engagement

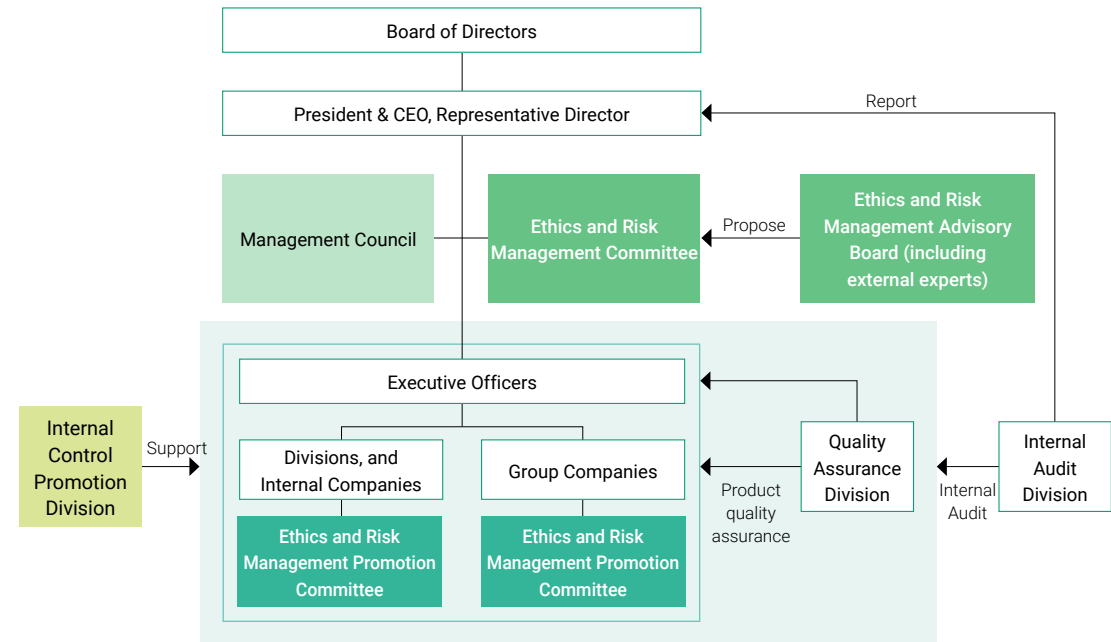
## Risk management

To deal with the diverse business risks (natural disasters and accidents, legal violations and litigation, quality, procurement of raw materials, stocks, intellectual property infringements, etc.) surrounding the Company, we have formulated Compliance and Risk Management Rules, and identify and evaluate the business risks of each in-house company, headquarters, and Group company by establishing an internal control system. In particular, the Quality Assurance Division plays a central role in implementing preventive measures regarding product safety risks and the Global Procurement Division performs the same role regarding risks related to raw material procurement. In addition, we have a system that enables us to respond promptly throughout the Company. Going forward, we will promote the establishment of a system to prevent risks in advance, minimize damage, and ensure rapid recovery. As for information security risks, we have put in place an internal system (a Computer Security Incident Response Team, or CSIRT) that can respond to security incidents. Also, we continue to promote preventive measures to employees.

### Risk management system

In accordance with the Basic Policy of Internal Control Systems resolved by the Board of Directors, we have established the following compliance and risk management system. The Ethics and Risk Management Advisory Board, which includes external experts, has been established to promote a highly independent and transparent corporate governance system. In addition, the Ethics and Risk Management Committee was established to decide on the policies for compliance and risk countermeasures, and the Ethics and Risk Management Promotion Committee of each in-house company, headquarters, and domestic Group company is responsible for implementing these measures.

### Organization of compliance and risk management



Business risks

	Risk	Potential risk	Response
1	<b>Product safety</b>	<ul style="list-style-type: none"> <li>• Product recalls and sales suspensions</li> <li>• Loss of trust</li> </ul>	<ul style="list-style-type: none"> <li>• Build quality assurance systems</li> <li>• Realize traceability across the entire supply chain</li> <li>• Take measures to reduce the content ratio of acrylamide (a carcinogen formed by burning or frying foods that are rich in asparagine and reducing sugars such as fructose and glucose)</li> </ul>
2	<b>Product development</b>	<ul style="list-style-type: none"> <li>• Inability to develop products in time due to failure to properly respond to customers' and business partners' needs</li> </ul>	<ul style="list-style-type: none"> <li>• Systematically implement new product development, existing product improvements, cost reductions, and R&amp;D activities in foundational research fields</li> </ul>
3	<b>Natural disasters such as earthquakes, typhoons, heavy rain, and the COVID-19 pandemic</b>	<ul style="list-style-type: none"> <li>• Inability to supply products due to delays in parts of the supply chain</li> <li>• Repairs for equipment, facilities, etc. may require long periods of time and major expenses</li> <li>• High prices and difficulty in securing raw materials</li> </ul>	<ul style="list-style-type: none"> <li>• Disperse production sites and procurement providers for raw materials</li> <li>• Work to restart the supply system quickly based on a comprehensive BCP and other means</li> </ul>
4	<b>Raw material procurement</b> <b>Potato procurement risk</b> (Weather instability and decrease in potato growers)	<ul style="list-style-type: none"> <li>• Loss of sales opportunities due to inability to secure volume of potatoes</li> <li>• Cost increase driven by urgent procurement</li> </ul>	<ul style="list-style-type: none"> <li>• Build a procurement system through contracted growers, disperse production areas</li> <li>• Support cultivation and harvest, and assist with measures for reducing labor</li> <li>• Prepare plant facilities that can handle imported potatoes</li> </ul>
	<b>Potato procurement risk</b> (Spread of potato cyst nematodes)	<ul style="list-style-type: none"> <li>• New varieties that meet requirements will not be developed and popularized</li> <li>• Potato cyst nematodes could spread faster than anticipated</li> </ul>	<ul style="list-style-type: none"> <li>• Promoting a switch to nematode-resistant varieties of potato (Target ratios of nematode-resistant potato varieties are 50% by 2025 and 100% by 2030)</li> </ul>
	<b>Other raw material and input procurement risk</b>	<ul style="list-style-type: none"> <li>• Procurement delays due to natural disasters, pandemics, and other factors</li> <li>• Increase in procurement prices due to prolonged state of emergency</li> </ul>	<ul style="list-style-type: none"> <li>• Establish a network of multiple and diverse suppliers</li> <li>• Reinforce appropriate inventory</li> <li>• Implement flexible price and content revisions</li> </ul>
5	<b>Product supply</b>	<ul style="list-style-type: none"> <li>• Changes in the logistics industry could result in an inability to secure transport vehicles</li> <li>• Increase in transportation costs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Implement "low-workload logistics" which utilizes automation and AI to reduce waiting time and frequencies of deliveries, and encourages consolidation of deliveries and using pallets for transport</li> </ul>
6	<b>Political and economic situation in overseas countries/areas where the Group is expanding</b>	<ul style="list-style-type: none"> <li>• Changes in laws and regulations</li> <li>• Political, economic, and social turmoil caused by terrorism, conflict or other factors</li> <li>• Difficulties caused by differences in culture and customs</li> </ul>	—



Risk	Potential risk	Response
7 <b>Foreign exchange</b>	<ul style="list-style-type: none"> <li>• Rapid fluctuations in markets or foreign exchange exceeding the forecast range</li> <li>• Fluctuation in overseas subsidiaries' earnings when translated into yen</li> </ul>	<ul style="list-style-type: none"> <li>• Execute forward foreign exchange contracts to hedge the risk of price fluctuations</li> </ul>
8 <b>Information Security</b>	<ul style="list-style-type: none"> <li>• Computer viruses or unauthorized access could lead to the loss of confidential information and falsification of data</li> <li>• Leakage of personal information or company secrets</li> </ul>	<ul style="list-style-type: none"> <li>• Establish an incident response system centered on a CSIRT</li> <li>• Conduct appropriate security countermeasures for information management</li> </ul>
9 <b>Compliance</b>	<ul style="list-style-type: none"> <li>• Actions that violate laws or social norms could result in penalties, revocation of permits and licenses, lawsuits, and loss of trust</li> </ul>	<ul style="list-style-type: none"> <li>• Formulate the Calbee Group Code of Conduct and promote compliance through in-house training programs and awareness raising to ensure compliance with ethical and social norms, laws and regulations, and internal rules, etc.</li> </ul>
10 <b>Major shareholders</b>	<ul style="list-style-type: none"> <li>• The Company may become unable to realize synergy effects from the alliance if PepsiCo, Inc. changes its management direction or business strategy</li> <li>• If the agreement were canceled, the Company would enter a competitive relationship with the PepsiCo Group in Japan</li> <li>• Change in PepsiCo's ownership ratio of the Company</li> </ul>	<ul style="list-style-type: none"> <li>• Maintain strategic alliance with PepsiCo, Inc.</li> </ul>
11 <b>Securing human resources</b>	<ul style="list-style-type: none"> <li>• Diminished working population due to changes in employment conditions, combined with the declining birthrate and aging population in Japan</li> <li>• Inability to secure necessary human resources due to delays in efforts to secure them and other reasons</li> </ul>	<ul style="list-style-type: none"> <li>• Develop human resources who can engage in overseas business or promote digital transformation</li> <li>• Introduce systems that enable diverse workstyles, to aim for an organization that can utilize diverse values and expertise and realize participation by all employees</li> </ul>
12 <b>Climate change</b>	<ul style="list-style-type: none"> <li>• Increases in the cost burden due to carbon tax introduction, depending on progress on initiatives to reduce greenhouse gas emissions</li> <li>• Change in consumer purchasing behavior</li> <li>• Potential impairment to potato quality</li> <li>• Production equipment damage, operation halts, and supply chain interruptions due to typhoons and torrential rain, etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Support the recommendations put forth by the TCFD and analyze risks and opportunities related to climate change</li> </ul>

## Board of Directors and Audit & Supervisory Board Members

Director		Attendance at Board of Directors' meetings (FY2022/3)	No. of years as a director (As of July 2022)	Expected Role and Expertise of Director						
				Corporate management	Global	Marketing	Production/IT	Sustainability	Finance	Judicial affairs
<b>Shuji Ito</b> Representative Director President & CEO	As president & CEO, Mr. Ito guides Group management and contributes to improvements in corporate value by exercising leadership in response to changes in the operating environment in order to accomplish the goals of the Medium-term Business Plan and realize our Vision for 2030.	100% 13/13 times	18 years	○	○	○	○	○		
<b>Makoto Ehara</b> Representative Director Executive Vice President & COO	As executive vice president & COO, Mr. Ehara guides Group management and contributes to the development of businesses in new food domains. By exploring M&A opportunities and researching new materials in areas in which the Calbee Group can leverage its strengths, he seeks to contribute to improvements in corporate value.	100% 13/13 times	3 years	○	○	○		○		
<b>Koichi Kikuchi</b> Senior Managing Director	As a senior managing director, Mr. Kikuchi guides Group management and works to bolster Groupwide competitiveness by proposing initiatives to be advanced over the medium to long term, while balancing business activities and performance. He contributes to improving corporate value by monitoring targets and progress toward these targets to facilitate sustainable Group growth.	100% 13/13 times	3 years	○	○		○		○	
<b>Yuzaburo Mogi</b> Outside Director	Mr. Mogi serves as honorary CEO of Kikkoman Corporation as well as director or Audit & Supervisory Committee member of a wide variety of companies. He possesses extensive experience and deep knowledge of global corporate management. The Company expects that he will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	100% 13/13 times	13 years	○	○		○			
<b>Takahisa Takahara</b> Outside Director	As president & CEO of Unicharm Corporation, Mr. Takahara has extensive experience and deep knowledge as a corporate manager concerning the management and control of new business and business in overseas markets. The Company expects that he will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	100% 13/13 times	7 years	○	○	○				
<b>Atsuko Fukushima</b> Outside Director	Ms. Fukushima has many years of experience as a journalist and has a wide and objective perspective regarding society, the economy, consumers, and other subjects, in addition to deep knowledge of diversity and environmental initiatives. The Company expects that she will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	100% 13/13 times	7 years	○	○			○		

## Director

Name	Reason for Election	Attendance at Board of Directors' meetings (FY2022/3)	No. of years as a director (As of July 2022)	Expected Role and Expertise of Director						
				Corporate management	Global	Marketing	Production/IT	Sustainability	Finance	Judicial affairs
<b>Yoshihiko Miyauchi</b> Outside Director	Mr. Miyauchi has served as president and chairman of ORIX Corporation and as a director of a wide range of companies. As a result, he possesses extensive experience and deep knowledge about global corporate management and a high degree of expertise in regard to strengthening governance. The Company expects that he will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	92% 12/13 times	5 years	○	○				○	
<b>Wern Yuen Tan</b> Outside Director	Mr. Tan is involved food and beverage businesses as the CEO of Asia Pacific Australia & New Zealand and China of PepsiCo, Inc., which is the parent of FRITO-LAY GLOBAL INVESTMENTS B.V., a major shareholder of the Company, with an ownership ratio of 20.71%. He thus has substantial insight regarding growth strategies and innovation of consumer-related companies in overseas, and digitization of retail businesses. The Company expects that he will utilize this experience and knowledge to put forth opinions and give advice during meetings of the Board of Directors.	—	— (Appointed June 2022)	○	○		○			

## Audit &amp; Supervisory Board Members

Name	Reason for Election	Attendance at Board of Directors' meetings (FY2022/3)	Attendance at Audit & Supervisory Board meetings (FY2022/3)	No. of years as an Audit & Supervisory Board member (As of July 2022)	Expected Role and Expertise of Director						
					Corporate management	Global	Marketing	Production/IT	Sustainability	Finance	Judicial affairs
<b>Yumiko Okafuji</b> Audit & Supervisory Board Member (Full time)	Ms. Okafuji possesses specialized insight regarding finances and accounting of overseas companies and investor relations, as well as wide ranging knowledge and robust experience pertaining to the formulation of sustainability strategies. The Company expects that she will utilize her cultivated expertise and insight for strengthening compliance at the Company.	—	—	— (Appointed June 2022)		○			○	○	
<b>Taizo Demura</b> Outside Audit & Supervisory Board Member (Full time)	Mr. Demura has many years of experience as a securities analyst mainly in the food sector and has a wide range of sophisticated expert knowledge and insight concerning finance and IR. The Company expects that he will utilize his expert and insight cultivated over the course of his career in the overall management of the Company.	100% 13/13 times 100% 14/14 times		4 years		○			○	○	
<b>Nagako Oe</b> Outside Audit & Supervisory Board Member	Ms. Oe has abundant knowledge cultivated by sophisticated expert knowledge and a wide range of insight concerning the Companies Act of Japan and general corporate legal affairs. The Company expects the she will utilize her experience to strengthen our compliance and legal systems.	92% 12/13 times 100% 14/14 times		6 years		○					○

## Director

Name	Organization Membership			
	Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board
<b>Shuji Ito</b> Representative Director President & CEO	◎ (Chairperson)	○	○	-
<b>Makoto Ehara</b> Representative Director Executive Vice President & COO	○	-	-	-
<b>Koichi Kikuchi</b> Senior Managing Director	○	-	-	-
<b>Yuzaburo Mogi</b> Outside Director	○	◎ (Chairperson)	◎ (Chairperson)	-
<b>Takahisa Takahara</b> Outside Director	○	○	○	-
<b>Atsuko Fukushima</b> Outside Director	○	○	○	-
<b>Yoshihiko Miyauchi</b> Outside Director	○	○	○	-
<b>Wern Yuen Tan</b> Outside Director	○	-	-	-
<b>Audit &amp; Supervisory Board Members</b>				
<b>Yumiko Okafuji</b> Audit & Supervisory Board Member (Full time)	○	-	-	◎ (Chairperson)
<b>Taizo Demura</b> Outside Audit & Supervisory Board Member (Full time)	○	-	-	○
<b>Nagako Oe</b> Outside Audit & Supervisory Board Member	○	-	-	○

## Message from an Outside Director

**Wern Yuen Tan**

CEO, Asia Pacific Australia & New Zealand and China,  
PepsiCo, Inc.

**Career History**

July 2001	Senior Police Officer, Singapore Police Force
June 2005	Senior Assistant Director, Singapore Ministry of Trade and Industry
February 2006	Associate, Boston Consulting Group
January 2010	Principal, Boston Consulting Group
June 2011	Senior Director of Strategy & Insights, Asia Pacific Middle East & Africa, McDonald's Corp.
June 2012	Vice President of Strategy & Insights, Asia Pacific Middle East & Africa, McDonald's Corp.
March 2013	Managing Director, Taiwan, McDonald's Corp.
January 2017	President, Walmart Stores China, Walmart Inc.
January 2018	President & CEO, China, Walmart Inc.
June 2020	CEO, Asia Pacific Australia & New Zealand and China, PepsiCo, Inc. (current)

**Calbee as a consumer-centric innovator creating the future of food**

As outside directors, our primary duty is to ensure that Calbee is well-positioned for the future. To that end, under CEO Ito's leadership, Calbee has developed a compelling long-term vision in "Next Calbee." The Company has tremendous strengths to lean on, including strong brand equity, excellent R&D and innovation capabilities, and a capable management team.

As we emerge from the aftermath of COVID-19 and recent global trade disruptions, it is clear, however, that many aspects of life and business will not return to the status quo. It will be critical to gain a deep understanding how consumers' behaviors and needs have changed in each segment Calbee operates in, both domestically and internationally. Importantly, it needs to must sharpen its strategy to ensure it remains steps ahead of other players in shaping the future of food. This will require Calbee to take leadership positions in some areas, such as product innovation and sustainability, as well as make tough tradeoffs in others. The Board of Directors are here to support Calbee's leadership team in navigating these decisions.

# SECTION 5 Data History of the Calbee Group

## The cornerstone for growth grounded in our founder's ideals

### Founding

Matsuo Food Processing Co., Ltd., established in Hiroshima Prefecture **1949**

Company name changed to Calbee Confectionery Co., Ltd. **1955**

Utsunomiya Factory begins operations **1968**

Chitose Factory (now Hokkaido Factory) begins operations **1969**

Company name changed to Calbee, Inc. **1973**

## Establishing a potato business in harmony with the land and producers

### Growth

Calbee Potato, Inc., established to manage raw materials (potato) **1980**

*Potato-maru* launched, world's first dedicated potato-carrying vessel **1984**

Snack Food Service Co., Ltd., (now Calbee Logistics, Inc.) **1990** established to handle logistics

## 1949-1974

**1955**

### Kappa Arare

Developed Japan's first wheat are (Japanese cracker) using unused food resources



**1964**

### Kappa Ebisen

Developed a nutritious snack made from fresh whole shrimp



**1972**

### Sapporo Potato

Developed a dough snack out of a mixture of potatoes and vegetables



## 1975-2009

**1975**

### Potato Chips

Entered the potato chip business, inspired by the boom in the U.S. market



### Utilizing unused food resources



Founder Takashi Matsuo

Founder Takashi Matsuo decided to make it his lifelong mission to produce food products that benefit people's health. Calbee's name, a portmanteau of "calcium" and "vitamin B<sub>1</sub>," reflects that determination.

In 1955, using cheaply imported wheat flour in place of rationed rice, he created the *Kappa Arare* wheat cracker, and, in 1964, began selling the *Kappa Ebisen* snack, made with fresh whole shrimp. Both products were first-of-their-kind foods created from unused resources.

### Creating a system for the stable supply of fresh ingredients



A Calbee factory at the time of *Kappa Ebisen* launch

To expand sales of *Kappa Ebisen*—then produced in western Hiroshima Prefecture—to eastern Japan and deliver freshly made products to stores, a new factory was built in Utsunomiya, Tochigi Prefecture. To keep up with its expanding production, the Calbee Group established a system by which a stable supply of fresh shrimp could be procured and delivered to factories. This system would serve as the cornerstone for the Group's future value chain.

### Entering into the potato chip business



A Calbee factory at the time of *Potato Chips* launch

Calbee began selling its *Potato Chips* in 1975—but initial sales were weaker than expected. To ensure the freshness and flavor of products on store shelves, Calbee began to set up factories near markets where its products were being consumed and switched from making bulk deliveries to more frequent small-lot deliveries. These measures were the foundation of a system that facilitated the sale of fresh products and paid off when *Potato Chips* became a hit product across Japan.



IT-driven potato field management inaugurated **2002**

R&DDE Center (now R&D Center) established as a research and development hub **2004**

**Daring to enter new fields**

Reform

Listed on the First Section of Tokyo Stock Exchange **2011**

PT. Calbee-Wings Food (Indonesia) established **2013**

Calbee (UK) Ltd (now Calbee Group (UK) Ltd) (United Kingdom) established **2014**

Calbee E-commerce, Ltd. (Hong Kong) established **2015**

Calbee (Hangzhou) Foods Co., Ltd. (China) established **2018**

Acquired UK-based Seabrook Crisps Business **2018**

Acquired 80% of shares in US-based Warnock Food Products, Inc **2019**

Calbee (China) Co., Ltd. established **2020**

Acquired all shares of Potato Kaitsuka Ltd. **2020**

Acquired 75% of the issued shares of Thailand-based Greenday Global Co., Ltd. **2022**

**1995**

**Jagarico**  
Developed a handy, portable snack-in-a-cup



**2003**

**Jaga Pokkuru**  
Created new points of contact with customers in Hokkaido's souvenir markets



**2010-**

**2011**

**Fruga**  
(Released in 1991 as *Fruits Granola*, later renamed *Fruga*)  
Developed a new style of quick and healthy breakfast



Key Overseas Products



North America



United Kingdom



Greater China



Indonesia

**Building a strong value chain in the potato business**

To match the sales growth of *Potato Chips*, Calbee began to overhaul its potatoes procurement production. Calbee's fieldmen (specialists in potatoes) worked with production areas and producers to create a system for the cultivation, procurement, and storage of potatoes and built a unique value chain that managed each process—from production to distribution and sales—in a vertically integrated manner.



A farming partner and Calbee fieldman

**Developing cereal into a second pillar of business**

Calbee changed the name of *Fruits Granola*, launched in 1991, to *Fruga* in 2011, and it began to gain traction, especially among working women who turned to it as an easy and consistent source of nutrition even during busy mornings. *Fruga* has established a new style of eating breakfast in Japan and now Calbee is actively promoting sales in Greater China and other areas overseas.



Cereal product *Fruga*

**Accelerating Overseas Expansion**

Since 2010, Calbee has positioned the growth of its overseas business as a key issue and has accelerated its expansion in these markets. We have set North America, Greater China, the United Kingdom, and Indonesia as our four key regions, and tailor our products to suit the needs of the local market and consumers. Going forward, we will build a solid business foundation and develop our global brands.



Employees of Calbee North America, LLC

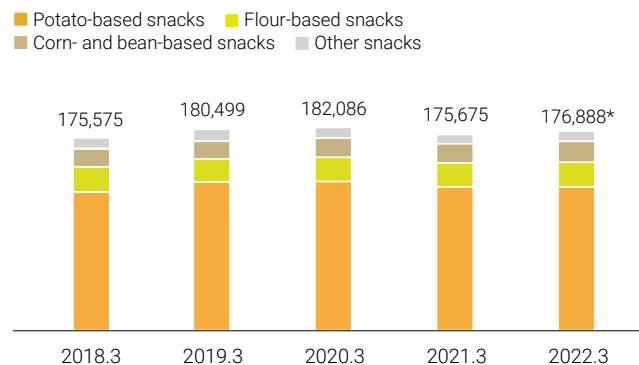
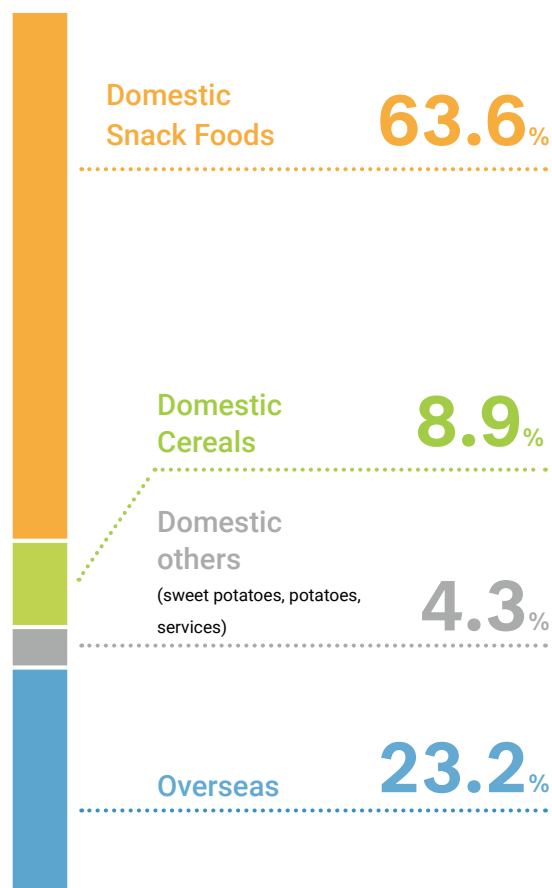
# Financial Information

## Overview by Business Segment

### Consolidated net sales

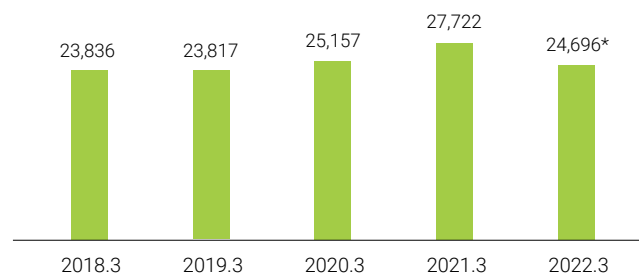
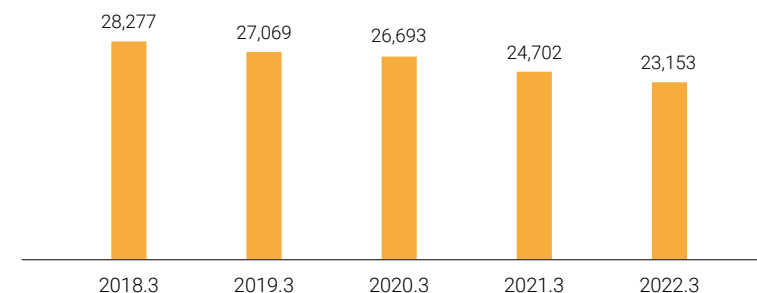
¥245,419 (millions of yen)

### Net Sales by business segments



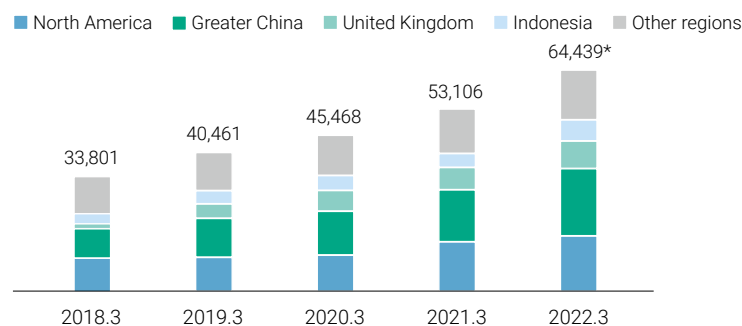
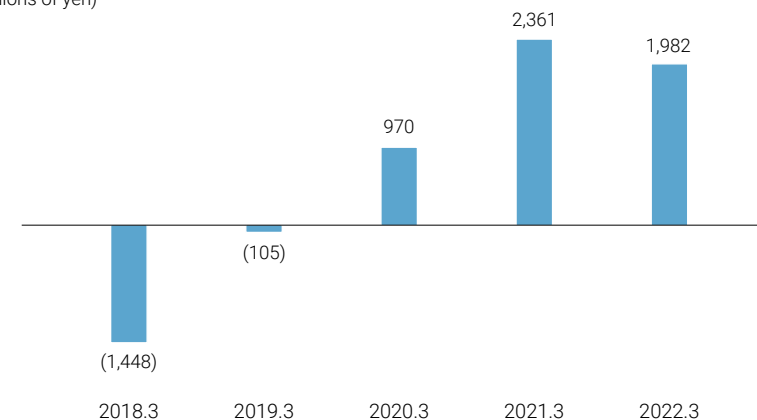
### Domestic operating profit

(millions of yen)



### Overseas operating profit

(millions of yen)



\* The revised Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) has been applied from the beginning of the fiscal year ended March 31, 2022. Net sales for the domestic snacks, domestic cereals, and overseas business segments have been presented prior to deducting rebates and other items.

## 10-Year Summary

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	(Millions of yen) 2022.3
<b>Net sales*1</b>	179,411	199,941	222,150	246,129	252,420	251,575	248,655	255,938	266,745	<b>245,419</b>
<b>Gross profit*1</b>	78,522	87,209	97,561	107,033	111,573	108,904	111,120	115,086	117,810	<b>83,954</b>
<b>Selling, general and administrative expenses*1</b>	62,731	67,492	73,378	78,908	82,732	82,075	84,156	87,422	90,746	<b>58,818</b>
<b>Operating profit</b>	15,790	19,717	24,183	28,125	28,841	26,828	26,964	27,664	27,064	<b>25,135</b>
<b>Ordinary profit</b>	17,127	20,782	25,615	26,545	28,625	26,179	27,432	27,391	27,522	<b>26,938</b>
<b>Profit attributable to owners of parent</b>	9,440	12,086	14,114	16,799	18,605	17,330	19,429	17,539	17,682	<b>18,053</b>
<b>Total assets*2</b>	124,705	140,909	161,917	174,837	181,945	192,034	202,750	214,967	238,978	<b>236,598</b>
<b>Net assets</b>	92,685	104,466	118,800	131,469	135,056	146,667	160,490	169,632	182,740	<b>183,458</b>
<b>Working capital*3</b>	33,607	47,458	52,672	54,832	58,214	68,950	77,815	83,066	80,892	<b>72,912</b>
<b>Interest-bearing debt*4</b>	302	186	563	555	1,596	1,511	1,274	1,363	6,604	<b>2,005</b>
<b>Equity ratio (%)*5</b>	70.2	69.1	67.7	69.2	70.4	72.6	75.9	75.9	73.4	<b>74.1</b>
<b>Debt to equity ratio (Times)*5</b>	0	0	0	0	0	0	0	0	0	<b>0</b>
<b>Research and development costs</b>	2,288	2,161	2,052	2,195	2,168	2,469	2,660	2,745	2,706	<b>3,319</b>
<b>Capital expenditures</b>	7,298	6,392	15,290	21,229	9,763	11,009	9,945	9,004	11,341	<b>13,515</b>

(Millions of yen)

	2013.3	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3	2021.3	2022.3
<b>Depreciation and amortization</b>	6,318	5,960	6,232	7,570	7,297	7,845	8,023	8,449	9,051	<b>9,189</b>
<b>ROE (%)</b>	11.4	13.1	13.7	14.6	14.9	13.0	13.2	11.1	10.4	<b>10.3</b>
<b>Earnings per share (EPS) (Yen)*6</b>	72.18	91.46	105.82	125.88	139.24	129.72	145.39	131.22	132.30	<b>136.25</b>
<b>Net assets per share (Yen)*6</b>	664.55	729.93	821.97	905.20	958.60	1,043.37	1,151.71	1,221.19	1,312.24	<b>1,358.25</b>
<b>Cash dividends per share (Yen)*6</b>	15.50	22.00	28.00	35.00	42.00	42.00	48.00	50.00	50.00	<b>52.00</b>
<b>Dividend payout ratio (%)</b>	21.5	24.1	26.5	27.8	30.2	32.4	33.0	38.1	37.8	<b>38.2</b>
<b>Cash flows from operating activities</b>	17,328	23,478	22,266	22,541	25,958	9,358	27,620	40,449	30,450	<b>22,327</b>
<b>Cash flows from investing activities</b>	(12,999)	(17,041)	(9,422)	(14,270)	(13,404)	(6,258)	(28,347)	(13,462)	(32,069)	<b>3,643</b>
<b>Cash flows from financing activities</b>	607	(383)	(2,878)	(2,859)	(14,711)	(5,450)	(6,227)	(6,278)	(7,635)	<b>(25,168)</b>
<b>Number of consolidated subsidiaries</b>	21	22	22	24	27	27	26	24	24	<b>23</b>
<b>Number of employees</b>	3,352	3,341	3,477	3,728	3,860	3,798	3,763	4,053	4,311	<b>4,398</b>

\*1 The revised Accounting Standard for Revenue Recognition (ASBJ Statement No. 29) has been applied from the beginning of the fiscal year ended March 31, 2022. As a result, rebates and other items were previously accounted for as selling, general and administrative expenses, but the Company has changed to a method of deducting these items from net sales.

\*2 Upon application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" (According Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018 (hereinafter, "Statement No. 28")), from the beginning of fiscal year ended March 31, 2019, the figures for the consolidated financial position are those after the said standards are applied retroactively.

\*3 Working capital comprises current assets less current liabilities.

\*4 Interest-bearing debt includes long- and short-term debt, leasing obligations, and other interest-bearing debt.

\*5 Shareholders' equity as presented above consists of total net assets exclusive of subscription rights and non-controlling interests.

\*6 A 4-for-1 share split was implemented on October 1, 2013. Per-share figures were retroactively adjusted to reflect these stock splits.

# Corporate Information

## Corporate Data

(As of March 31, 2022)

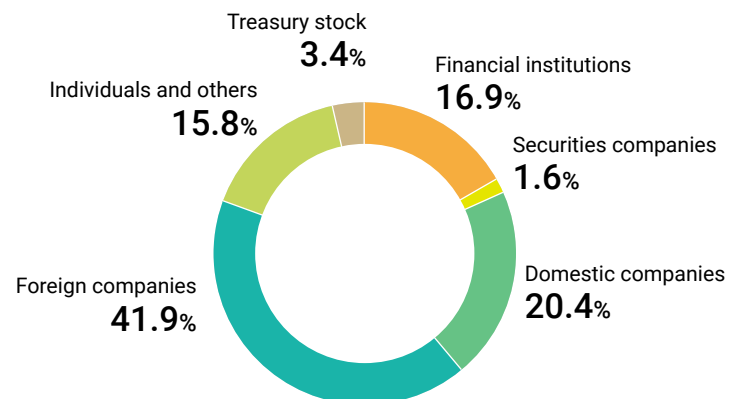
▶ Company Name	Calbee, Inc.	▶ Business	Production and sale of snacks and other foods
▶ Head Office	Marunouchi Trust Tower Main, 22nd Floor, 1-8-3 Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan	▶ Fiscal Year-End	March 31
▶ Date of Establishment	April 30, 1949	▶ Paid-In Capital	¥12,046 million
▶ Representative President & CEO	Shuji Ito	▶ Number of Employees	4,398 on a consolidated basis 1,883 on a parent basis

## Stock Information

(As of March 31, 2022)

<input type="checkbox"/> Stock Listing	Tokyo Stock Exchange, Prime Market
<input type="checkbox"/> Securities Code	2229
<input type="checkbox"/> Stock Information	▶ Number of shares authorized 176,000,000 shares
	▶ Number of shares issued 133,929,800 shares (including 4,545,161 shares of treasury stock)
	▶ Number of shareholders 39,880 people

### Share Breakdown by Shareholder Type



### ▶ Principal Shareholders

Name of shareholder	Investment in the Company	
	Number of shares (Thousands)	Ownership ratio (%)
FRITO-LAY GLOBAL INVESTMENTS B.V.	26,800	20.71
General Incorporated Association Miki-no-Kai	18,560	14.34
The Master Trust Bank of Japan, Ltd. (Trust Account)	15,004	11.60
GIC PRIVATE LIMITED-C	6,054	4.68
THE BANK OF NEW YORK MELLON 140051	5,160	3.99
Custody Bank of Japan, Ltd. (Trust Account)	4,066	3.14
Calbee Employees Shareholding Association	2,080	1.61
THE TORIGOE CO., LTD.	1,936	1.50
THE BANK OF NEW YORK 133612	1,600	1.24
BANQUE DE LUXEMBOURG-CLIENT ACCOUNT	1,283	0.99

Note: Ownership ratios are calculated excluding 4,545,161 shares held by the Company as treasury stock. In addition, the ownership ratio is calculated including 67,565 shares held by the Employee Stock Ownership Plan (ESOP) Trust and 195,700 shares held by the Board Incentive Plan (BIP) Trust.



## Consolidated Subsidiaries

(As of September 30, 2022)

### Japan

Calbee Potato, Inc.	Japan Frito-Lay Ltd.
Calbee Logistics, Inc.	Studio Socio Inc.
Calbee Eatalk Co., Ltd.	Potato Kaitsuka Ltd.

### Oversea

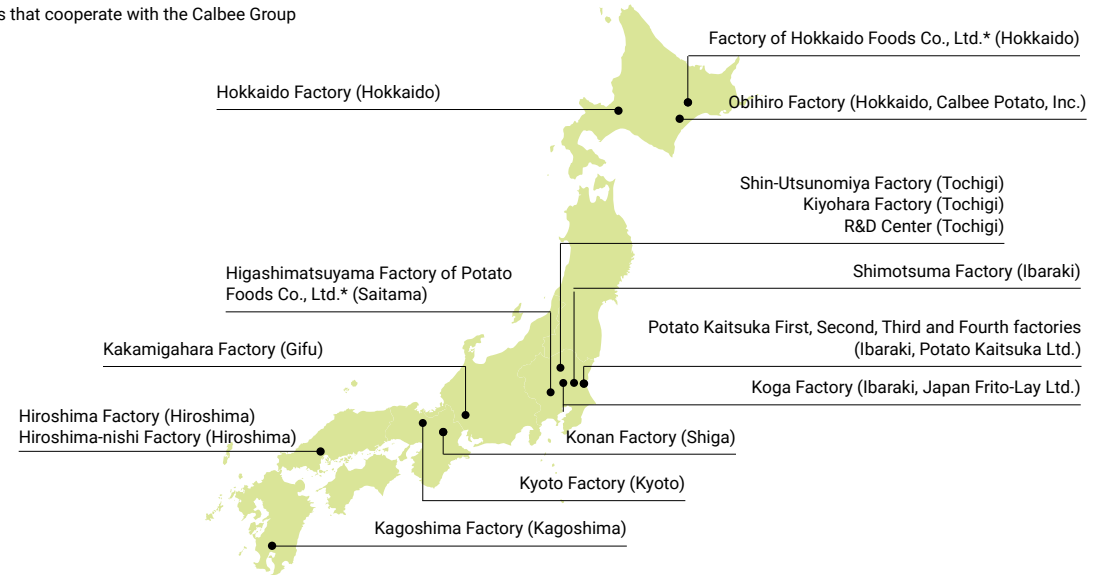
( ): Country or region

Calbee America, Inc. (United States)	Calbee Four Seas Co., Ltd. (Hong Kong)
Calbee North America, LLC (United States)	Calbee E-commerce, Ltd. (Hong Kong)
Warnock Food Products, Inc (United States)	Calbee Group (UK) Ltd (United Kingdom)
Yantai Calbee Co., Ltd. (China)	PT. Calbee-Wings Food (Indonesia)
CFSS Co. Ltd. (China)	Haitai-Calbee Co., Ltd. (South Korea)
Calbee (Hangzhou) Foods Co., Ltd. (China)	Calbee Tanawat Co., Ltd. (Thailand)
Calbee (China) Co., Ltd. (China)	Greenday Global Co., Ltd. (Thailand)
	Calbee Moh Seng Pte., Ltd. (Singapore)
	Calbee Australia Pty Ltd. (Australia)

## Location of Factories

(As of September 30, 2022)

### ▶ Japan \* Factories that cooperate with the Calbee Group



### ▶ Overseas

