

## **Calbee's Corporate Governance Code**

### **The Philosophy behind the Establishment of the Calbee Corporate Governance Code**

Calbee, Inc. (hereafter the "Company") has a vision of itself as a corporate group, "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." This vision reflects a belief that the interests of our shareholders are best served by focusing on our valued customers and business partners. We also believe that building and maintaining favorable relationships with all stakeholders is a key to securing business growth and greater corporate value over the medium and long terms.

In line with this vision, we established the following corporate governance code.

### **Principle 1 Securing the Rights and Equal Treatment of Shareholders**

The Company will take appropriate measures to secure shareholder rights and equality among said shareholders, thereby maintaining favorable relationships with its shareholders.

- (1) The Company considers the occasion of its General Meeting of Shareholders a valuable opportunity to engage in productive dialogue with its shareholders. To ensure that management decisions made throughout the fiscal year as well as the Company's operating results and latest financial standing are fully examined at the meeting, the Company gives due consideration to the convenience of shareholders, including foreign nationals as well as individual shareholders. To this end, the Company:
- Avoids scheduling the meeting on a date on which many other companies' are convening such meetings.
  - Sends the Notice of the General Meeting of Shareholders three weeks prior to the date of the meeting while posting such notice on its website four weeks ahead, with the aim of ensuring that shareholders have sufficient time to examine proposals that will be presented at the meeting.
  - Strives to enhance its platform for assisting shareholders with the smooth exercise of their voting rights by employing an electronic voting system and enabling online voting via a website managed by the shareholders' register administrator.
  - Ensures that the Notice of the General Meeting of Shareholders includes sufficient and accurate information so that shareholders can easily judge the merit of each proposal.
  - Consults with the General Meeting of Shareholders regarding such matters as the

distribution of surpluses and the payment of directors' bonuses, even though these matters can be decided by the Board of Directors.

- (2) The Company aims to enhance the return of profit in a sustainable manner. Simultaneously, the Company endeavors to boost profitability while reinforcing its financial standing. Focusing on achieving profit growth, the Company distributes earnings to fund overseas expansion, new product development, and re-investment in potential hit-sellers while ensuring returns to employees and shareholders.
- (3) The Company believes that the best way to prevent a hostile takeover is to work every day to enhance corporate value and nurture favorable relationships with its shareholders and investors through its IR activities. Reflecting the flexibility of this approach, the Company has no specific plan to introduce anti-takeover measures.
- (4) As for transactions with executives, major shareholders, and other relevant stakeholders, the Company follows appropriate procedures when determining transaction terms and disclosing transaction content, with the Board of Directors and the Audit & Supervisory Board monitoring such transactions. These actions ensure that the common interests of the Company and its shareholders are in no way undermined by these transactions.
- (5) When undertaking the annual review of its portfolio of strategic stockholdings, the Company scrutinizes each item to identify any not contributing to corporate value and divests such stocks whenever stock market conditions are suitable.

## **Principle 2 Appropriate Cooperation with Stakeholders Other Than Shareholders**

In line with the aforementioned vision, the Company endeavors to maintain an appropriate cooperative relationship with all stakeholders. To establish a corporate culture consistent with this vision, top management pays annual visits to every business base and engages in dialogue with employees through “town hall meetings” aimed at instilling a commitment to realizing said vision. Moreover, the Company undertakes periodic in-house surveys on employee awareness, thereby assessing the status of and seeking to improve these initiatives. As it does so, the Company:

- (1) Places the utmost priority on customers and strives to provide high-quality products and services while ensuring the safety and security of its offerings.
- (2) Strives to create a workplace environment in which all employees are encouraged to respect one another and dynamically pursue fulfilling work lives.
- (3) Proactively engages in social contribution activities as a good corporate citizen and, as part of the local community, works to maintain harmonious relationships and robust collaborative ties with fellow members. Under the initiative of the Social Contribution

Committees, all employees are encouraged to engage in such activities as those aimed at revitalizing local communities and supporting childrearing.

- (4) Works to conserve the global environment, promote energy saving, and preserve natural resources, with the Environmental Countermeasure Department spearheading environmental activities.
- (5) Promotes workforce diversity and ensures all human resources can pursue successful careers regardless of gender, race, age, or nationality, as it considers diversity as a key to driving corporate growth.
- (6) Prevents the execution of unlawful business conduct and is quick to identify and resolve possible violations of laws and regulations. To this end, an internal reporting hotline is maintained in a way that whistleblowers' positions and rights are protected.

### **Principle 3 Ensuring Appropriate Information Disclosure and Transparency**

The Company seeks to remain a trustworthy company and to ensure that its stakeholders are provided with straightforward, unbiased data on which to base their understanding and evaluation of its activities and performance. Accordingly, the Company maintains information disclosure in compliance with laws and regulations as well as its IR policies. Furthermore, the Company discloses, as proactively and on as continual a basis as possible, information that is not subject to laws and regulations whenever it is deemed that said information may have a bearing on the investment decisions of shareholders and investors.

#### **(1) Non-Financial Information**

With an eye to delivering easy-to-understand and beneficial information, the Company discloses the following non-financial information:

- Management philosophy and strategies
- Basic concepts behind and policies on corporate governance
- Policies on remuneration for directors and senior executive officers and procedures for determining such remuneration
- Policies on the nomination of candidates for directors and Audit & Supervisory Board members, procedures for such nomination, and reasons for nominating each candidate

#### **(2) Financial Information**

The Company discloses financial information upon the receipt of appropriate audits by specialized external accounting auditors that operate independent from management. Candidates for external accounting auditors are selected and evaluated

by the Audit & Supervisory Board in accordance with criteria established by this board.

## **Principle 4 Responsibilities of the Board**

To fulfill the Company's stewardship responsibilities and ensure its accountability to shareholders, the Board of Directors strives to drive sustainable business growth and seeks to enhance corporate value while maintaining a disciplined management structure through the monitoring and supervision of directors' business execution. In addition to the Board of Directors, the Company has established the Audit & Supervisory Board, every member of which is responsible for auditing directors' business execution. A solid and effective auditing structure is supported by the Audit & Supervisory Board, which operates in a highly independent manner in collaboration with the external accounting auditors.

### **(1) Roles and Responsibilities of the Board of Directors**

The Company requires its Board of Directors to make decisions from an independent standpoint, employing a broader perspective to ensure that it plays a leading role in creating new value through innovation.

Therefore, the Board of Directors engages in the formulation of important management policies and strategies, relevant decision making, and the supervision of business execution based on objective viewpoints and a long-term perspective.

### **(2) Composition of the Board of Directors**

Independent directors constitute the majority of the members of the Board of Directors. Also, the Company is committed to promoting diversity in the composition of its Board of Directors, proactively welcoming members with diverse backgrounds, genders, and nationalities.

### **(3) Clear Separation of the Business Execution and Supervisory Functions**

The Company has introduced an executive officer system to secure management transparency and the separation of the business execution and supervisory functions. With authority delegated to them by the Board of Directors, executive officers are charged with managing specific operations. The Management Council, consisting of senior executive officers, engages in discussion covering business execution status, the assessment of business challenges, and other important business matters.

Guided by an underlying "Commitment to Accountability," executive officers are accountable to the Board of Directors, and the board to shareholders, for achieving the management goals they have committed to. The Board of Directors manages processes for achieving these goals.

(4) Roles and Responsibilities of the Audit & Supervisory Board

The Audit & Supervisory Board fulfills its primary role of providing checks and balances through timely intervention in management whenever corporate value appears to be impaired or under threat of impairment by its decisions.

(5) Composition of the Audit & Supervisory Board

With outside members constituting the majority, the Audit & Supervisory Board includes individuals with specialist knowledge and experience in such fields as finance, accounting, and law. Regarding candidates for the Audit & Supervisory Board, after obtaining the approval of said board, the Board of Directors submits the names of proposed nominees—chosen based on each candidate’s competencies and willingness to fulfill duties commissioned by shareholders—to the General Meeting of Shareholders for approval.

(6) Audits by the Audit & Supervisory Board

Not only does it conduct audits with an eye to ensuring legal compliance, the Audit & Supervisory Board performs audits aimed at assessing the appropriateness of business execution. The Company is striving to maintain an auditing structure capable of encompassing matters not referred to the Board of Directors and to this end encourages full-time Audit & Supervisory Board members to independently gather information.

(7) Establishment of the Advisory Board

The Advisory Board, a non-mandatory body that supports management, consists of directors, including outside directors, and one outside Audit & Supervisory Board member. Chaired by the outside Audit & Supervisory Board member, this board is charged with objectively discussing director candidates, including those appointed to secure future management successors, and remuneration for the Company’s management.

(8) Securing the Effectiveness of the Governance System

With the aim of securing the effective functioning of this governance system, the Company’s management ensures the intellectual and financial independence of outside directors and outside Audit & Supervisory Board members.

## **Principle 5 Dialogue with Shareholders**

The Company values maintaining dialogue with its shareholders and investors who seek to fulfill their stewardship responsibilities from the medium- and long-term perspectives. Accordingly, the Company actively engages in dialogue with them within reasonable limits. In line with this policy, the Company:

- (1) Strictly manages insider information.
- (2) Holds presentation meetings on financial results and management strategies while hosting face-to-face dialogue with shareholders and investors.
- (3) Presents strategies aimed at achieving targeted management indicators in an easily understandable manner.
- (4) Remains attentive to and sincerely addresses shareholders' and investors' opinions and concerns, with the IR department periodically reporting feedback from the ongoing dialogue to the Board of Directors.