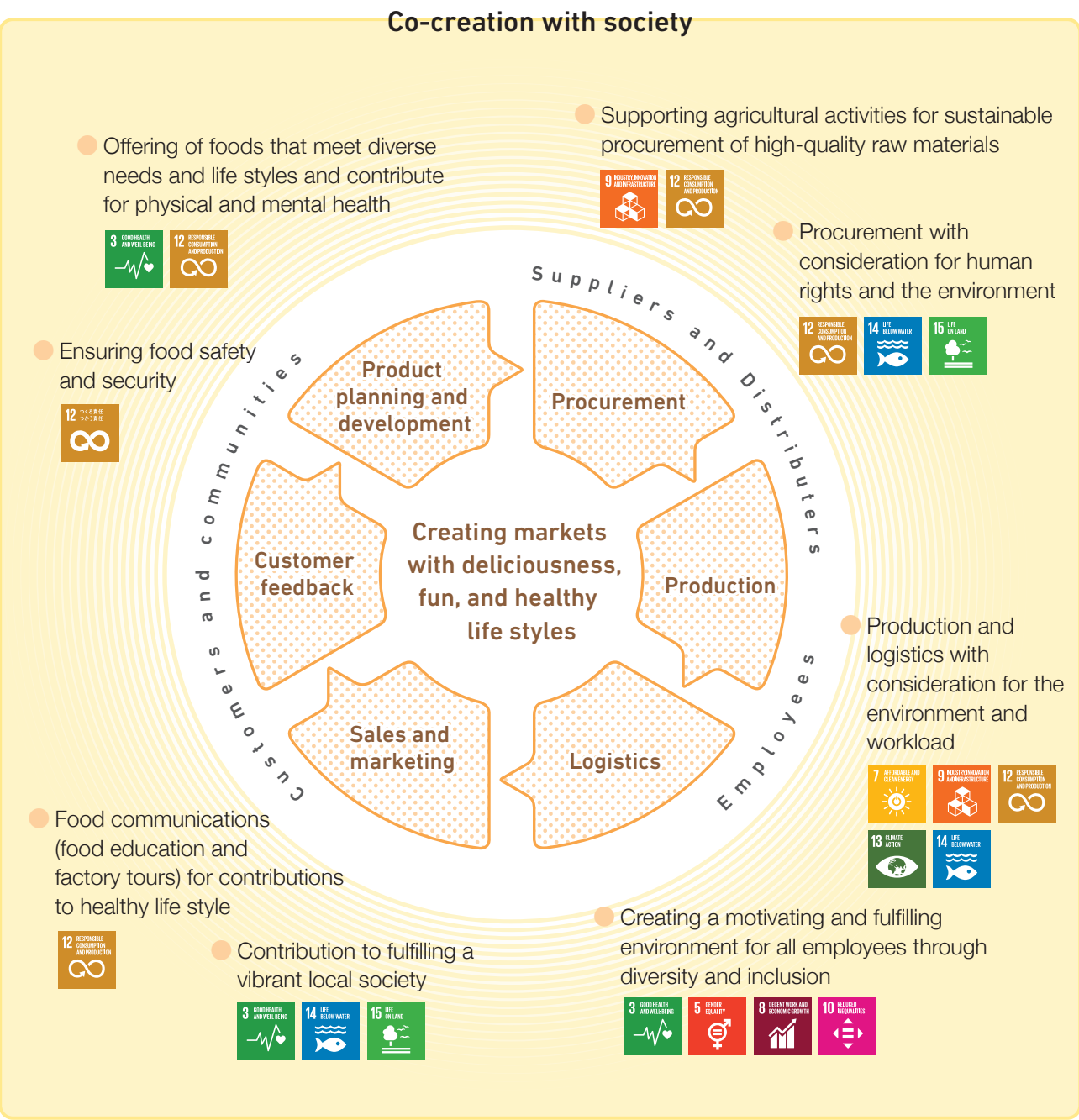


Co-Creation with Society —Creating Value through Sustainable Management—

The Calbee Group will continue to create new value through sustainable management based on co-creation with society, grasping the changes and issues surrounding the Company from a medium- to long-term perspective, including the earth, local communities, society, and the economy. At the same time, we would like to lead to the achievement of the Sustainable Development Goals (SDGs) set by the United Nations through providing value to our stakeholders.



Issues that the Calbee Group can contribute to



Initiatives

Diversification of products utilizing customer feedback

The customer opinions received by our Customer Service Center are shared throughout the Company and used for product improvement and development. Based on customer comments such as, “Since the usual *Frugra* has a sweetness, I would like products with reduced sweetness”, new granola brand which features a flavor and deliciousness will be launched in September 2019 (scheduled).



Extension of expiration dates for potato chips

In an effort to reduce food loss throughout the value chain and improve work efficiency at distributors and sales floors, we extended the expiration date for potato chips and changed the labeling to “Year and Month” on June 1, 2019.



Efforts to reduce the workload in logistics

We are working on various measures in the logistics division to address social issues such as a serious shortage of drivers and an increased workload in logistics operations. We have reduced drivers' waiting time and incidental work by 50% by sharing and improving issues with our business partners. At the Kyoto Factory, autonomous forklift trucks were introduced, realizing unmanned operations of movement and storage of products.



Promoting integrated inter-factory energy conservation projects through collaboration with other companies

We are participating in the integrated inter-factory energy conservation project to establish the Kiyohara Smart Energy Center centering on a 30,000 kW class gas cogeneration system with Canon Inc., Hisamitsu Pharmaceutical Co., Inc., and the Tokyo Gas Group. The facilities are scheduled to start by the end of fiscal year ending March 31, 2020.

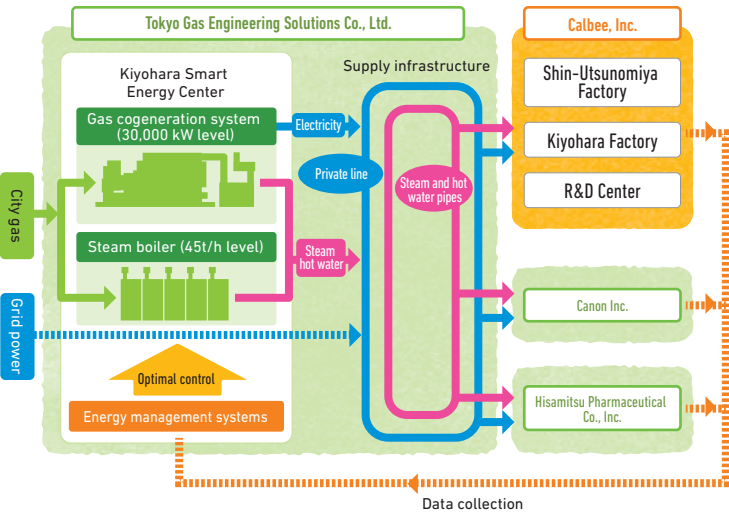
This is the first integrated inter-factory energy conservation project in Japan that provides electricity and heat (steam and hot water) to multiple business sites in different industries.

By sharing energy supply systems with seven business sites in different industries that are close to each other, each business site is able to reduce the environmental burden to an extent that cannot be achieved by itself. This is expected to result in energy savings of about 20% and CO<sub>2</sub> emissions reductions of about 20%\*. In addition, it will be possible to provide a stable energy supply even in the event of a power outage, is expected to strengthen the company's Business Continuity Plan (BCP).

\* Reduction rate against the CO<sub>2</sub> emission total at seven business sites of the three companies (Calbee, Canon, Hisamitsu Pharmaceutical) in fiscal year ended March 2016 About 23,000 t/year



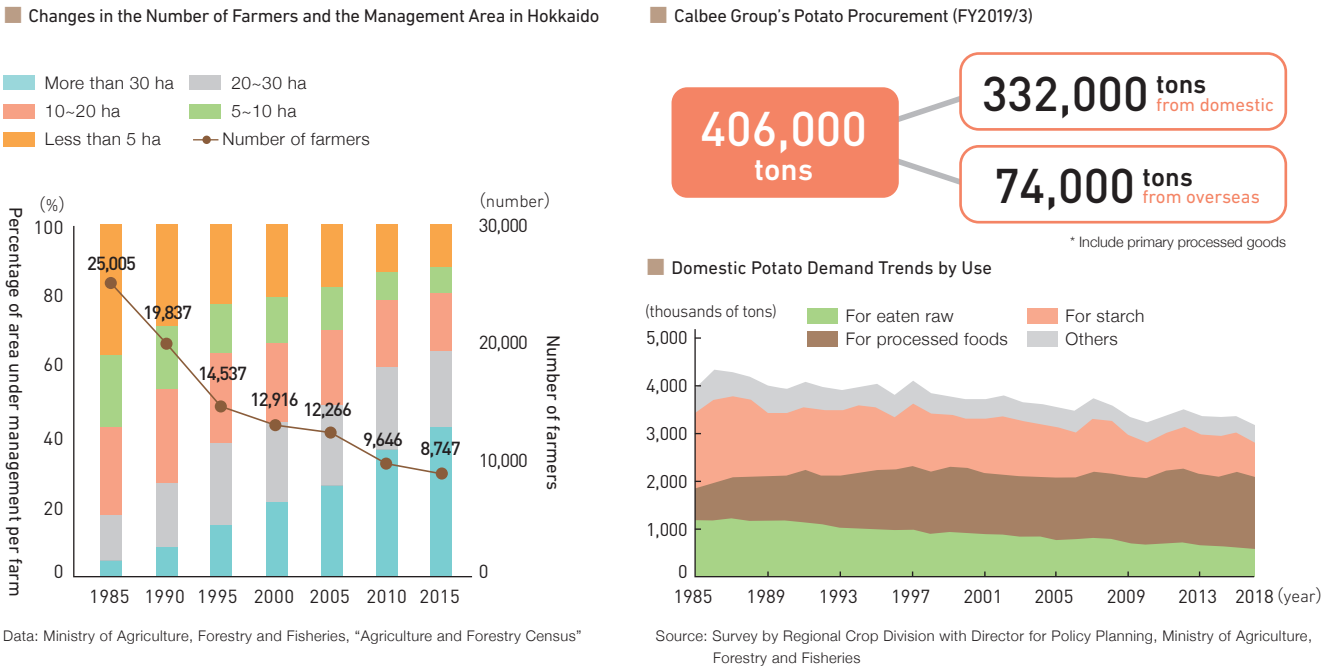
Diagram of Electricity and Heat (Steam and Hot Water) Supplies



Procurement —Sustainable potato procurement—

The number of farmer households in Japan has continued to decrease due to giving up farming as a result of a population outflow to urban and aging, while the management area of farmland per unit farmer has become larger. Potato farmers are no exception. There are issues such as increasing the yield per area and streamlining and labor saving of operations. In response to these issues, the Calbee Group is implementing a variety of measures.

Going forward, we aim to create new service-oriented business models such as agricultural consulting and agricultural work agency services by leveraging the related technologies and expertise we have cultivated in this potato business. In addition, these technologies and expertise can be applied beyond potatoes, and we will take on the challenge of commercializing other crops.



Message from Management

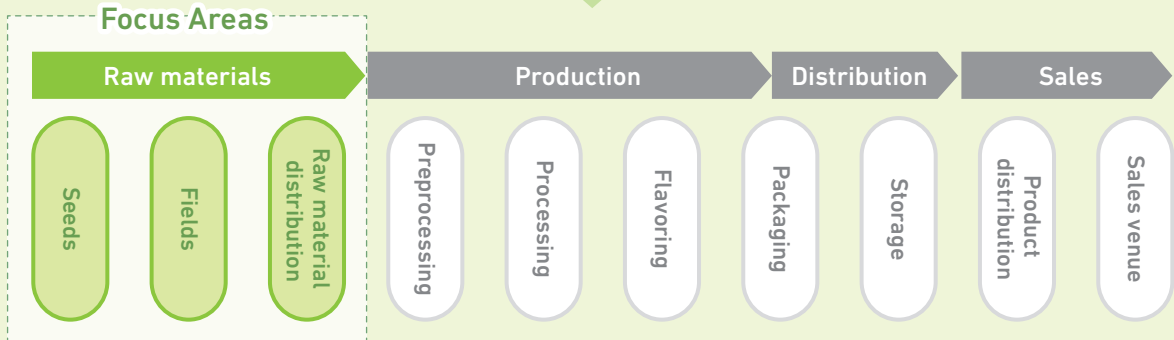
The Calbee Group's strength in procuring potatoes is its direct relationships with producers. Through sharing each other's ideas, values, and requests among the relationship, we have achieved stable potato procurement over the long term. However, there are still many issues remaining. In particular, climate change due to global warming, decrease of farmer households, and shortage of labor are major risks for the future.

We will take a variety of measures to address these issues with producers, such as diversification of production areas by developing new areas, development and dissemination of new varieties, and introduction of cutting-edge technologies. Additionally, the spread of IT and AI will cause major changes in potato production. We will play a part in the dissemination of these technologies, while verifying the effectiveness of potatoes in terms of quality, yield, and workability. We will further deepen our relationships with producers and expand the potential of Japanese agricultural products through the development of our potato business.



Calbee Potato, Inc.  
Director & Managing Executive Officer  
**Hiroyuki Uemura**

Offering of services leveraging the strengths of existing businesses



Consulting on Cultivation Techniques

Calbee Potato, Inc. has long been involved in a variety of potato procurements by building close networks with producers, government, universities, and other manufacturers in the same industry. With the aim of labor saving and improving productivity of potato production through the introduction of cutting-edge technologies, we will provide consulting on the production process (cultivation planning, harvesting, and transportation) through the relationships between contract producers and fieldmen (potato specialists).



Cultivation support by fieldman

IT Cultivation Support

By incorporating IT into potato cultivation, which has been supported by the expertise and skills of each experienced producer, we believe that IT will not only enable labor saving but also enable us to respond optimally to dramatic climate change in recent years. The Calbee Group will introduce and promote these technologies to contracted fields by understanding the effectiveness of their introduction to contract producers.

Through consulting and the use of IT, we will evolve our potato cultivation and supply system, and aim to build service-oriented business models.



Field management using satellites and IT



Transplantation using GPS

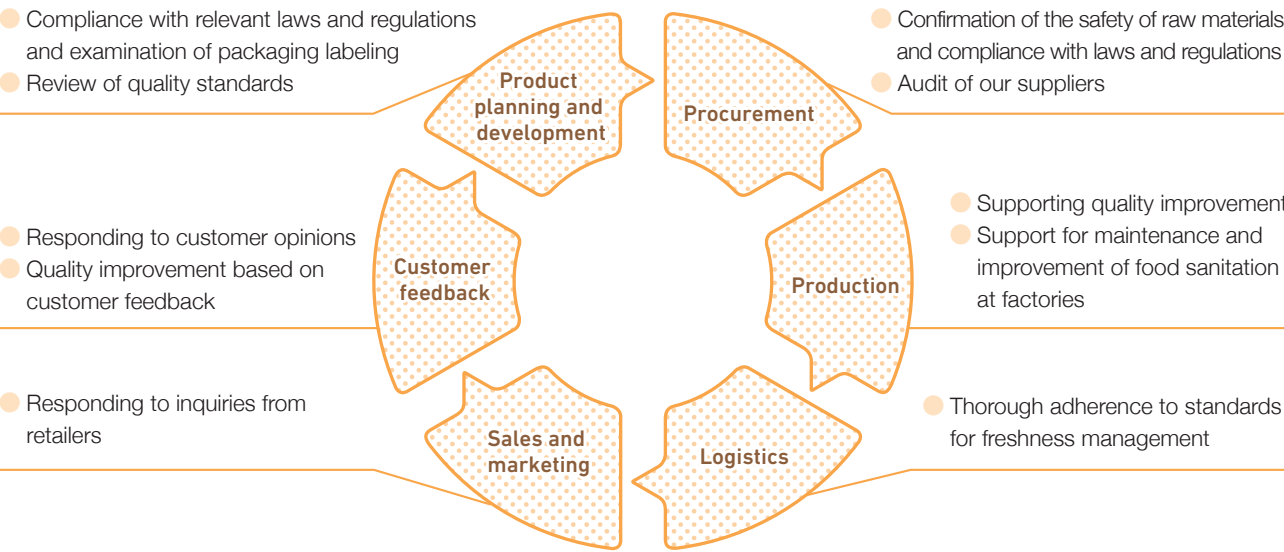


Quality —Quality Assurance that Protects the Value Chain—

We believe that offering safe and secure products is one of our most important social responsibilities. In collaboration with producers and suppliers, we are strengthening our quality assurance system throughout the entire value chain, from raw material procurement and product planning to production, logistics, and sales and marketing.

In addition, we are constantly listening to and analyzing opinions and feedback from our customers in order to reduce the number of comments pointed out, and making improvements throughout the entire value chain.

The Quality Assurance Division is directly under the president, and top management communicates the idea that quality is first. We are constantly working in the Company to raise awareness with the aim of ensuring that each employee takes the customer's perspective and provides products worthy of customer trust and satisfaction.



Initiatives

A.A.O. Activities

In order to ensure safety and security, it is important to identify risks at an early stage and respond promptly to them at the workplace level. We are working to raise employee awareness of quality assurance. One of these companywide activities is A.A.O. activities, which are carried out every year. We listen directly to the opinions of our customers, recognize the importance of responding from the customer's perspective, and apply them to initiatives in each division.



President Ito, who monitors telephone calls from customers



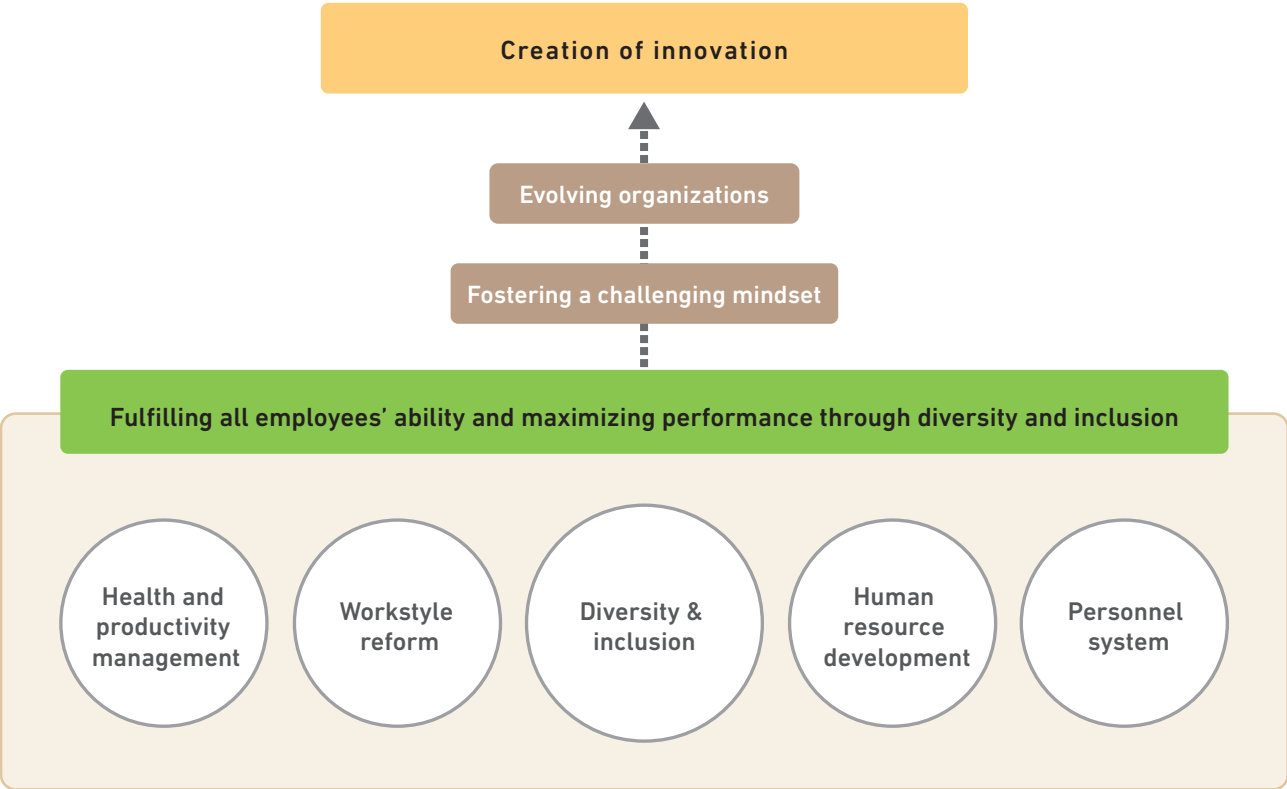
Overseas Quality Assurance

We are strengthening our quality control system not only for domestic but also for overseas Group companies and affiliated factories. We also conduct food sanitation audits at our overseas factories in accordance with Japanese standards, and apply the concept of quality assurance in Japan. As well, we conduct periodic audits of raw materials used from overseas to ensure quality assurance from the raw material stage.



Human Resources —The Human Resources Base Supporting the Value Chain—

We believe that human resources are an important base supporting our value chain as well as a source of innovation for sustainable growth. In order to create new value in response to rapid changes in the business environment, it is necessary for each employee to have a challenging mindset. We are working to create an environment in which we can produce such human resources, and they can fulfill all employees' ability.



**Message from Management**

The human resources that the Calbee Group is seeking are those who can generate innovation. This refers to those who can create new value by acting with a broader perspective beyond existing rules and assumptions. To support these human resources, we have been creating an organization in which all employees can fulfill their own ability, such as facilitating smooth communication within the Company, evaluating employees' challenges and processes, and working styles that are not constrained by time or place. We believe that the starting point for innovation is a system that encourages each employee's motivation.

In addition, the core of all employees' active performance is respect for diversity. To date, our diversity management measures have focused on the promotion of women's empowerment. Going forward, we aim to evolve into an organization with diversity as its strength by leveraging differences based on individual respect. We believe that human resources with a global perspective and flexible thinking, who respect the diversity of members, transform differences into value and generate innovation, will support medium- to long-term growth.

Managing Executive Officer  
CHRO (Chief Human Resource Officer)  
General Manager of Human Resources & General Affairs Division

**Masako Takeda**

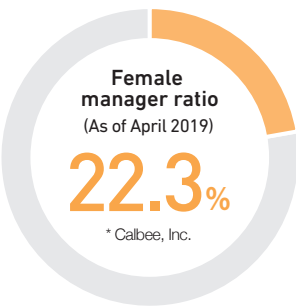
[Initiatives for All Employees Active Performance]

Diversity & Inclusion

Based on the belief that Calbee cannot grow without the active participation of women, we have focused on promoting the active participation of women, which account for approximately half of our employees, as a top-priority issue for diversity management. Moving forward, we will create an organization in which all employees can fulfill their own ability by learning from the diversity of individuals, such as measures to promote understanding of diversity and to create a corporate culture, in addition to promotion of active participation of women.

Promotion of Female Employee's Activities

While approximately half of our employees are women, the female manager ratio was 5.9% as of April 2010, when we began initiatives regarding promoting diversity and the active participation of women. At present, this ratio has increased by about four times. We are implementing the three steps of "understanding," "satisfaction," and "action" for diversity. Under the leadership of top management, we are promoting female employees systematically and continuously, conducting various training and workshops, and improving the working environment from the perspective of female employees.



Diversity-Related Awards and Accreditation

"Eruboshi" certified as an excellent company based on the Act on Promotion of Women's Participation in the Workplace  
Third-highest level of certification

Advanced Company Awards for Women  
Prime Minister's Award  
(FY2017/3)

Nadeshiko brand certification

Selection of 100 New Diversity Management Companies  
100 prime

Forbes JAPAN WOMEN AWARD award  
Supported by UBS



**VOICE**

**Valuable experience with the challenge system**

Calbee has a system in which each employee can take on new challenges at their own will. I was assigned to Indonesia as an overseas trainee in the sixth year since joining the Company through the overseas challenge system. I was seconded to the Indonesian subsidiary to engage quality- and productivity-related tasks at the factory. Through my work in Indonesia with a great deal of change, I feel that my experience has been something that I could not imagine before.

PT. Calbee-Wings Food  
(As of June 2019)  
**Yosuke Kubosawa**

**VOICE**

**Focus on performance rather than working time by utilizing an enhanced system**

After taking two childcare leaves, I returned to my current role as a sales contact for e-commerce customers. Currently, I use a shorter working hours system for childcare and teleworking. I feel that I am working where we understand the importance of performance rather than working hours. Many women who have children are actively working at Calbee. It encourages me to work on a daily basis.

E-commerce team, National Account Sales Department  
**Satsuki Sasayama**

[Initiatives for All Employee's Active Performance]

Initiatives for Employees to Promote Challenges

We are implementing initiatives aimed at creating workplaces where all employees can fulfill their own ability while respecting the values of their work and life, such as fair evaluation and reward systems for their performance as well as opportunities for employees to take on challenges.

Career Development	Fostering career ownership	Develop policies and environment for each employee to independently and positively consider their own career from a medium-term perspective for personal growth (Self-assessment system, in-house recruitment, work challenge, employee challenge, etc.)
	Job rotation from a medium- to long-term perspective	Implement intentional cross-divisional rotation to develop human resources with diverse experiences
	Self-development support program	Cover the costs partially for curriculums selected by employees themselves, such as e-learning and schooling-type menus
	Selective training to nurture leaders	Work-out training by top-class lecturers aimed at nurturing next-generation leaders
Evaluation and Awards	Commitments and accountability	Conduct fair evaluations based on the results, which all executives and employees commit to at the beginning of the fiscal year
	Calbee Award	Awards to employees who contributed to annual performance and corporate development every year

Systems to Support Diverse and Efficient Working Styles

**'91** Flextime system

**'01** Paperless settlement system

**'04** Half-day holiday system

**'07** Office system where employees are free to change desk ("Free-address")

**'10** • Nationwide introduction of Free-address  
• Promotion of reducing paper at offices

**'14** Home teleworking

**'17** Enhancement of home teleworking (no limit for location and frequency)

1990 2000 2010 2019