

## Human Resources

We recognize that our employees are our most important asset in the transformation of our business toward making Next Calbee a reality. We are encouraging the training of employees so that each and every one of them is capable of acting independently, recognizing the needs of our customers and society, and solving problems.



**Masako Takeda**  
Managing Executive Officer  
CHRO (Chief Human  
Resource Officer) and  
General Manager of Human  
Resources of General  
Affairs Division, Calbee, Inc.

### Promoting active roles for all employees and training strategic human resources will make Next Calbee a reality

To realize commitments of all employees toward their own performances, we are encouraging both “diversity and inclusion” and “empathy-based management for ongoing evolution of organization and human resources” so that we can become a professional group sharing a high degree of openness and ability to find common ground.

The Calbee New Workstyle that we are promoting to transform our processes and improve the quality of work, has brought about major changes in employee awareness and behavior. We have also set out the “Calbee 5 Values” (Self-motivation, Altruism, Dialogue, Curiosity and Boldness) as the qualities we want in our employees. We encourage our employees to take on the challenges of creating medium- to long-term innovation without excessively focusing on short-term results.

In our investment in and development of strategic human resources, we are emphasizing the education of the next generation of business leaders, employees who can work anywhere in the world, and digital natives. For example, graduates of our program to train the next generation of business leaders have achieved success in departments in charge of new businesses. Moreover, through interdepartmental job rotation and having people take on challenging assignments, we are raising levels of intrapersonal diversity. In our Work Challenge program where employees can volunteer to work in the department of their choice, almost 100 participated in 2021. Of these people, around 40% ended up transferring to the department they had selected. We are also actively promoting mid-career recruitment to incorporate external perspectives into our organization.

In the Calbee Group’s human resources strategy, the most important thing is to encourage all employees to have a strong sense of ownership and to think and act with their own minds while respecting our corporate philosophy, values, and culture. In the past year, our way of working has changed greatly, but we feel that the “one-on-one” approach—which offers opportunities for dialogue between staff members and managers—has also been successful, and each employee has become more active, improving employee engagement. We will further increase the number of our employees who are capable of taking on new challenges on their own, toward the realization of Next Calbee.



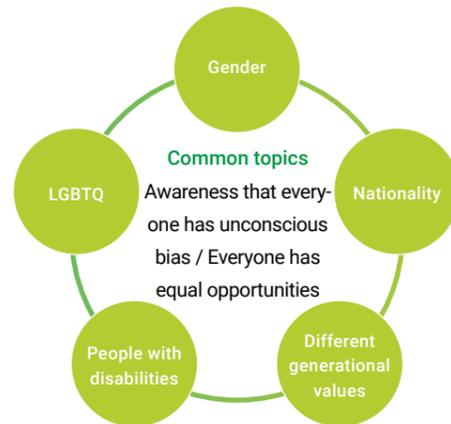
## Human Resources

### Human Resource Development and an Organization that Promotes Active Participation of All Employees

Calbee engages in diversity management that allows a variety of human resources to demonstrate their unique abilities and produce results for their organization and company.

#### Promoting Diversity and Inclusion

The D&I and Smart Work Promotion Office, located at the Company's head office, works with employees appointed by each business entity to conduct activities that will promote diversity management. These are steps toward an organization that shares the common topic. The topic is that everyone has equal opportunities, while bringing awareness that everyone has unconscious bias.



A group of professionals who share a free, open, and highly cooperative mindset

Maximum synergies through diversity and by respecting individuals

Empathy-based management for ongoing evolution of organization and human resources

Workstyle transformation to improve work quality

Calbee 5 Values



Health management for the benefit of the mind, body, and organization

#### Encouraging Employee Autonomy on a One-on-One Basis

We promote employee autonomy on a one-on-one basis through dialogues between employees and managers, which allows both parties to understand and empathize with each other's value and experience.



Management training for one-on-one interactions

#### Head Office Remodeling

As part of Calbee New Workstyle, an initiative that started in July 2020, we have been working to achieve further growth by making remote working the standard for office workers and improving the quality and speed of operational execution. In September 2021, we remodeled our head office to serve as a communication space to drive new value creation for promoting relationships in our group and with customers, and for education and discussion.



The remodeled head office

We want to develop certain values in employees that we have dubbed the "Calbee 5 Values." These values are "Self-motivation," "Altruism," "Dialogue," "Curiosity," and "Boldness." To realize "Next Calbee," our goal is to become a company where every single employee has autonomy and can use their respective strength to play an active role.

The "Calbee 5 Values" are for every human resource to pursue



#### 100% Rate for General Health Checks

Thanks to improvements to our health management system and efforts to assign personnel and industrial physicians to each region of operation, our health check rate was 100% in the fiscal year ended March 31, 2021.



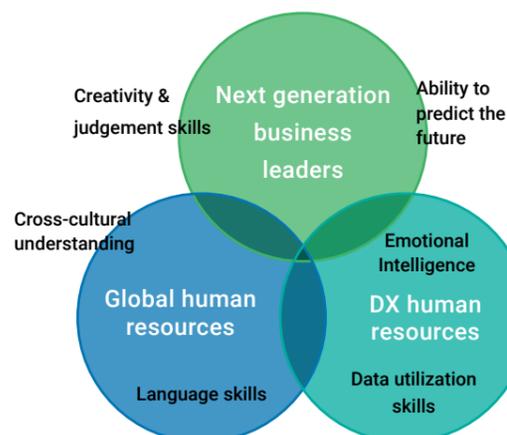
Certification as a Health & Productivity Management Organization in 2021

### Investment and Cultivation of Strategic Human Resources

We work to enhance investment and cultivation of next generation business leaders, and both global and DX human resources as a way to address the changing business environment and realize "Next Calbee".

#### Off-the-job training

Training and other avenues to build a mindset and acquire skills outside the workplace



#### Challenging assignments

Providing challenging experiences that trigger self-growth

#### Next-Generation Business Leader Training Program

We implement the Next-Generation Business Leader Training Program with the goal of training the next generation of growth drivers for the Calbee Group. The program utilizes two subprograms—"The Leadership Perspective" and "Acquiring Business Literacy"—with the goal of imparting the necessary mindset and skills for future leaders. In the second iteration of the program, which ran during the fiscal year ended March 2021, 20 employees participated, ranging from their 20s to 40s.



Participants make presentations to senior management

## Human Resources

### Future Roundtable: Challenges for Innovation

To realize the Next Calbee vision, it is essential to have people who are willing to challenge themselves through innovation in a free and open-minded culture. The New Business Development Department, established in April 2020, has been working to create new products and services without being bound by preconceived notions. We interviewed employees working there about their thoughts on innovation, and the corporate culture behind them.



New Business Development Department

General Manager of the New Business Development Division (Executive Officer)

Junya Nakamura Maki Fujii Chika Saeki Yasuhiko Kenmoku

### Creating new value by focusing on social issues, prioritizing the entrepreneurial mindset

**Kenmoku** The business themes that we work on at the New Business Development Department are decided by staff rather than in a top-down manner. They are encouraged to conceive of new project ideas that tackle social issues they are interested in. We do it this way because I believe that what is most important for the launch of a new business project is the enthusiasm of the individuals who push it forward. There are no restrictions on business themes as long as they do not deviate too much from Calbee's corporate philosophy. By doing so, we are creating a foothold for new businesses in the Calbee Group, and at the same time, staff members can grow their entrepreneurial mindset.

**Saeki** I have realized many things since I started working to create new business. I assumed that the current department was a completely different world from the Quality Assurance Division where I used to work and that I would not be able to utilize my past experience. But then as I progressed, I realized that they were actually very similar: first, I need to listen to customers think about what they need, and then work to provide it. From that point on, I am able to leverage my experience and confidently propose business plans.



Junya Nakamura

Joined Calbee after researching crop science and analytical chemistry at university and receiving a PhD. He joined the New Business Development Department after attending a training program for next-generation business leaders.

**Nakamura** As I have more contact with customers, I am reminded of the importance of standing alongside them and their issues. My motivation is that I want people with food allergies to be able to experience the "taste" and "fun" that the Calbee Group offers without hindrance.

**Fujii** Shortly after we started planning a new project, I presented a business plan related to food loss, but received some tough feedback from my colleagues that the plan did not address our customers' issues and concerns. Sometimes, it's difficult for us to make objective judgments on our own, so I am grateful for the suggestions from my colleagues, especially those with backgrounds different from my own, that help to broaden my perspective.

### Creating the Calbee of the future with the passion of each employee

**Kenmoku** If we want to create new business that contributes to society, I think first and foremost it is important that we have passion and are excited about our work. What are your plans for the future?

**Fujii** In the future, I would like to see the businesses we have launched grow and develop new products and services that will beyond the

Maki Fujii

After gaining experience in launching new business projects and marketing in her previous role, she was attracted to Calbee's philosophy of "contributing to people's health through food" and joined the company.



boundaries of the Calbee Group's businesses. I will keep being curious about everything I encounter and continue searching for the seeds of new products and services wherever I can.

**Saeki** When I have opportunities to talk with external partners and other people outside the Company, I get the impression that Calbee is loved by many people. In order to continue to meet their expectations, I want to keep thinking about what kind of company Calbee should be for its customers and what kind of new value we should provide.

**Nakamura** I want to continue to provide the world with products that contribute to health 10 or 20 years hence, while keeping our founder's philosophy in mind. I will continue to ask myself what I can do to achieve this goal and aim to develop new products.

**Kenmoku** At the New Business Development Division, employees are free to come up with their own ideas for social issues and present them as business plans with their colleagues' support. This allows the creation of new businesses, but it also helps employees grow into future business leaders. I hope that we can continue working hard together and open up a new future for the Calbee Group.

Chika Saeki

After joining Calbee, she gained many years of experience in the Quality Assurance Department, where she formulated factory rules and checked package descriptions from the perspective of product safety. She joined the New Business Development Department to take on new challenges.



Yasuhiko Kenmoku

After serving as General Manager of the Research & Development Department, he launched the Future Creation Office (currently the New Business Development Division) in 2019.



# Global Environment

Business activities of the Calbee Group are supported by natural materials cultivated by the earth. We are hard at work to maintain a rich natural environment and for the sake of business activities with efforts that include reducing greenhouse gas emissions, food loss, and water consumption, and promoting plastic resources circulation. Going forward, we will continue to work with stakeholders responsible for the procurement of raw materials, logistics, and distribution in order to realize a decarbonized and recycling-oriented society.

## Reducing Greenhouse Gas Emissions

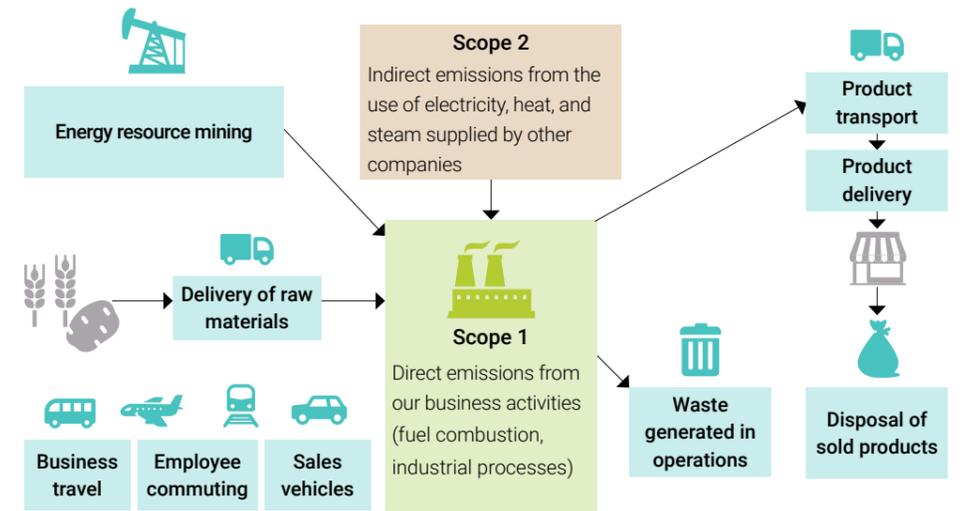
We consider climate change and related issues an important part of showing consideration for the global environment; therefore, we have set a long-term goal for 2030 to reduce total greenhouse gas emissions by 30% compared with fiscal year ended March 31, 2019, levels. Our efforts to reduce greenhouse gases throughout the supply chain include improving energy efficiency and introducing renewable energy.

### ▶ Expanding Introduction of Renewable Energy for Electricity Use

In March 2020, we switched to carbon offset electricity at five worksites in the Kanto region under the J-Credit Scheme\*. Since then, we have introduced electricity derived from renewable energy sources sequentially at Hokkaido Factory in April 2020, Kagoshima Factory in February 2021, and Kyoto Factory, Konan Factory, and Kakamigahara Factory in April 2021.

\* A scheme under which the Government of Japan certifies as credits the amount of greenhouse gas emissions reduced through efforts to introduce energy saving equipment and utilize renewable energy, as well as the amount of such emissions removed through appropriate forest management.

### Areas of the Supply Chain Used in Greenhouse Gas Emission Calculations



Note: The scope of calculations covers categories related to Calbee's business activities.

## Initiatives to Replace and Reduce Plastic Packages

### ▶ Setting Targets Toward Realizing a Sustainable Society

In September 2020, we set targets to promote plastic resources circulation. By greatly reducing the amount of packages that use plastics derived from fossil fuels and promoting the switch to environmentally friendly materials, we are working to resolve issues such as ocean plastics, fossil fuel depletion, and reducing CO<sub>2</sub> emissions across the entire life cycle of manufactured plastic.

#### Targets for Promoting Plastic Resources Circulation

- Reduce the number of plastic package derived from oil by 2030, and promote packages made from environmentally friendly materials to 50% by 2030
- Complete full switch to 100% environmentally friendly materials by 2050

### ▶ Capital Participation in R Plus Japan, Ltd., Aimed at Acquiring Recycled Plastics in the Future

In February 2021, we invested in joint venture company R Plus Japan, Ltd. The company is working with Anellotech, Inc., to develop technology for efficient recycling of plastics with low environmental impact, and is collaborating with companies involved in collecting, sorting, and processing plastic toward practical application of this technology. This technology is notable in that it involves decomposing PET bottles and other plastics into their basic chemicals, which reduces greenhouse gas emissions and energy requirements when compared with conventional methods. Moreover, this technology is expected to facilitate the effective and increased recycling of used plastics.

### ▶ Switching to Environmentally Friendly Packaging Materials

We are taking steps to switch to environmentally friendly packaging for a portion of our products as a means to reduce environmental impact based on our targets for promoting plastic resource recycling. We are switching to biomass-derived PET and biomass ink for a portion of our product packaging in addition to a gradual shift toward FSC®-certified cardboard for product shipping.



Biomass mark and FSC® certification mark featured on package labeling (FSC®N 003322)



Standing packages made from biomass-derived PET plastic



Flexible packaging utilizing biomass ink

## Global Environment

### Disclosure Based on the TCFD Framework



We at the Calbee Group recognize that climate change is an important issue that impacts the sustainable growth of our business. Therefore, we are going forward with analyzing climate change scenarios under the following framework, based on the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD), which we endorsed in February 2020.

### 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.



### 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 a key material 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 analysis, 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.

### Indicators and Targets

#### Indicators

To limit greenhouse gas emissions, we have set a goal to reduce emissions 30% by 2030 compared with fiscal year ended March 31, 2019, levels. We have also set a goal to achieve virtually zero Scope 1 and Scope 2 emissions by 2050.

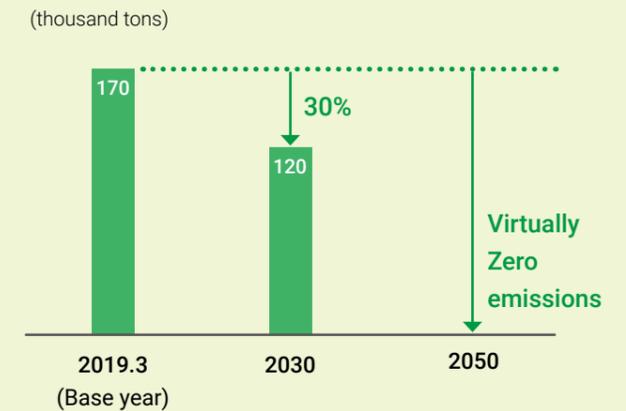
As further measures to avoid and mitigate the damage caused by climate change, we will promote the development of new varieties of potatoes adapted to the changing climate, and we will expand the amount of contracted area for potato production in Tohoku and central Hokkaido.

#### Targets

Register new varieties of potatoes adapted for climate change (three 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 Total Scope 1 and Scope 2 Emissions



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

### 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 and conversion to potato varieties that can respond to climate change</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>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>
	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

# Community

As a food manufacturer, the Calbee Group is committed to strengthening its connection to stakeholders to maintain a rich natural environment and a productive society while also eliminating the unease people have toward their health. To resolve these social issues, we are focusing our efforts in three fields: the environment (nature's gifts), food (tasty and fun), and health. To contribute toward healthy living, we are also working to promote dialogues with people of all ages through "food communication," where we share ideas on the enjoyment of food, accurate food-related knowledge, and environmental issues.

## Fostering Coexistence with Local Communities through Social Contribution Activities Driven by Employee Participation

### Sustainable Water Resource Recycling through Forest Maintenance

In March 2021, Calbee entered into an agreement with the Konze Forestry Association for the maintenance of the Calbee/Shiga Konze Forest. The Konan Factory, the main participant in these activities from the Company side, benefits from the use of the ground-water in the area. By working on local forest maintenance, the Company aims to maintain and improve the forest's capacity of sustainable water reproduction.



Planting activities in Shiga Prefecture

### Donation of Playground Equipment to a Thailand Elementary School

At Thailand-based Calbee Tanawat Co., Ltd., we implement social contribution activities proposed by employees every year since 2010. In the fiscal year ended March 31, 2021, we donated playground equipment to Benjanran Elementary School in Yasothon Province, the former elementary school of one of the company's employees. Our hope is that this will contribute to nurturing the minds and bodies of local children.



Playground equipment donated to a Thai elementary school

## Enhancing Food Communication

### Countrywide Expansion of New Food Education Program

Since 2003, the Calbee Group has held "Calbee Snack School," which is aimed at instilling good eating habits in children. In 2020 we also launched the "Asa-Hello-Shiyo! School (Let's make your own morning)" to tackle the issue of children skipping breakfast, a growing problem in recent years. After expanding the program nationwide in the fiscal year ended March 31, 2021, its first year of operation, we will continue enhancing the program going forward.



Food education program Asa-Hello-Shiyo! School (Let's make your own morning)

### Launch of Online Factory Tours

Due to the spread of COVID-19, we launched online tours of Hokkaido Factory and Kiyohara Factory, starting from November 2020. We currently offer online tours at Hiroshima Factory in addition to these two. The tours have been well received by participants for their exclusive online experience, which include live broadcasts by factory employees showing processes that cannot be seen during typical factory tours. We have also updated the tour reservation system in order to improve efficiency.



Online tour conducted via tablet

### Commercializing Elementary Student Ideas

We have held our Confectionery Contest since 2011. In this contest, we gather confectionery ideas from elementary school students around our production site in Utsunomiya City in Tochigi Prefecture and our development team turns these ideas into real confectionery. For the 10th iteration of the contest in the fiscal year ended March 31, 2021, we commercialized the top entry from the previous year's contest, which received 1,032 submissions under the theme of a "healthy vegetable-based confectionery."

The *COROCORO VEGETABLE* was released in limited quantities for direct sales on our antenna stores and official online shop.



A "healthy vegetable-based confectionery" designed by an elementary school student

# Quality Assurance

We believe that offering safe and secure products is one of our most important social responsibilities. We conduct thorough quality management in compliance with FSSC 22000—the international standard for food safety management systems—to strengthen our systems for quality assurance across the entire supply chain, from production areas to customers. We intend to work to keep providing the products that will build trust and provide customer satisfaction. Accordingly, we always appreciate feedback, use customer suggestions to improve the products, and keep customers informed of our response to ensure that they will keep coming back.

## Priority Themes and Major Measures Based on Materiality

Please refer to our corporate website to see details on our quality assurance policies and initiatives. <https://www.calbee.co.jp/sustainability/en/food-safety/>

### Prevention and monitoring for safety and quality

- Inspect and confirm design of product standards
- Audit procurement of raw materials and production processes
- Conduct quality inspection of manufacturing processes
- Work in compliance with international standard FSSC 22000
- Create mechanism to prevent mistakes related to raw material usage
- Strengthen global quality assurance system



### Initiatives for food security

- Disclose and manage food allergy information
- Set usage standards and labeling policies for genetically modified foods
- Implement measures to reduce acrylamide
- Establish trace back and trace forward systems supported by IT
- Disclose information, starting from potato production and procurement details to details regarding the factories



Allergen information made available on Corporate website

### Cultivation of employees

- Hold study sessions for leaders regarding raw materials and product standards and other topics
- Conduct career training (training for the next generation of quality assurance leaders)

### Activities to spread awareness and gather information

- Conduct in-company activities to increase safety (AAO activities)
- Conduct information gathering and dissemination

### Product improvements based on customer feedback

- Utilize customer feedback to improve products, providing assurance and convenience

## Strengthen Global Quality Assurance System

### Establishment of a Division in Charge of Overseas Law

In April 2020, we established a division directly under the Quality Assurance Division in charge of overseas law in an effort to strengthen ties among Group companies overseas. In April 2021, we changed the layout of the Quality Inspection Division, establishing a products measure follow-up system to ensure that we follow the different rules of each country and region as they relate to import and export regulations, package labeling obligations, and other relevant matters.



### Remote Audits

Due to the restrictions on movement as a result of COVID-19, remote audits were conducted in the fiscal year ended March 31, 2021, at three overseas factories using IT instead of conventional in-person audits. The unique nature of the remote audits allowed us to utilize the eyes of multiple auditors.



Remote audits

### Standardizing Quality at Overseas Group Companies

The Calbee Group has established its own quality standards in order to deliver high-quality products to customers, including those overseas. We have set staged targets for quality in accordance with manufacturing conditions in each country and region. We conduct regular audits from Japan and provide guidance to ensure that products ultimately achieve Level 1 quality, meaning that they would be fit to be sold under the Calbee brand in Japan.



### Focus Providing Product Development Support for MY POTE at Overseas Group Companies

In February 2021, Calbee North America, LLC released MY POTE brand potato chips manufactured in the U.S. The product was developed with the collaboration of local employees and the Quality Assurance Division in Japan, from its design to the manufacturing audit. During the development period, detailed support and multiple online audits allowed us to achieve high product quality.



## Corporate Governance

# A Three-Way Conversation with the CEO and Outside Directors

### Outside Directors on Next Calbee

Outside directors Takahisa Takahara and Yoshihiko Miyauchi and President & CEO Shuji Ito had a conversation about the future of the Calbee Group, its managerial direction for the medium to long term, and the effectiveness of governance toward realizing the goals involved.



I would like to draw from my managerial experience to support the executive team as the Calbee Group heads toward the future.



I expect Calbee to broaden its horizons, challenge itself in new food categories, and grow as a global food manufacturer.



I would like us to be bold in our efforts toward our vision and medium- to long-term strategy, closely monitored by outside directors.

**Takahisa Takahara** Outside director of the Company

President & CEO of Unicharm Corporation  
Appointed as outside director in 2015

**Yoshihiko Miyauchi** Outside director of the Company

Senior Chairman, of ORIX Corporation  
Appointed as outside director in 2017

**Shuji Ito** President & CEO of the Company

Appointed as President & COO in 2009  
Appointed as President & CEO in 2018

### Q To start, please tell us what duties you think an outside director needs to fulfill.

**Mr. Takahara** I believe that we should pursue a type of governance that suits the management style of Japanese companies, and that I need to fulfill my supervisory function over management properly as a matter of course, but I also have the belief that our role is to support the executive team and “create a positive future together.” Taking my own experience as a manager, and as someone involved in management within the same industry as Calbee—that is, the manufacturing industry—I would like to have a good understanding of the changes going on the business environment that surrounds the Calbee Group and have discussions that increase our knowledge of said changes.

**Mr. Miyauchi** The most important function of the Board of Directors is to serve as a check and balance by keeping an eye on the market to see whether the executive team is carrying out measures that will ensure medium- to long-term growth. If the executive team is doing their job right, you encourage them, but if they are not, you call them out on it. The executive team needs to look 10 years into the future and explain the direction they intend to take the Company. It is my job to monitor as they move in that direction.

**Mr. Ito** The Group started building up its governance in 2009, in preparation for becoming a listed company in 2011. Since then, we have built it into a system that increases transparency over management, establishing a Board of Directors with a majority of outside directors, and an Advisory Board, which has since been renamed as the

Nominating Committee/Compensation Committee, chaired by an outside director. Left to its own devices, the executive team could be liable to manage based solely on its own internal logic, so I want outside directors to supervise the team closely from the outsider perspective of a shareholder or stakeholder. As a member of the executive team, I would like us to become top players while under this strict supervision.

### Q What do you think makes an ideal Board of Directors from the viewpoint of effective governance? Also, what challenges are there when trying to achieve this ideal?

**Mr. Miyauchi** Over half of the members of Calbee’s Board of Directors are outside directors, putting the Company ahead of Japan’s requirements for corporate governance. On top of that, there are members with managerial experience in different industries, so I feel the system Calbee has in place raises effectiveness, not only in terms of its framework but also in terms of who is part of it. That said, there are still things to improve. The most important point of discussion for the Board is its medium- to long-term vision—its goals for the next 10 years and how it plans to achieve them. However, the current Board of Directors has a tendency to spend time fixated on projects and performance in the near future. I think that if the Board can put a greater emphasis on discussion regarding its medium- to long-term vision, it will become even more effective in the future.

## Corporate Governance

**Mr. Takahara** Each director actively voices his or her opinion and I find discussion to be quite lively, but the only measure that matters of whether a Board of Directors is functioning is whether it delivers results. Whether a Board of Directors is effective or not depends on whether it affects the Calbee Group's value system. What I mean by this is that we need to determine whether the thinking of executives and employees is changed by the Board's actions or not. However, effectiveness takes a long time to take effect. The Board of Directors is a platform to monitor changes in the Calbee Group's human resources, and I think that continuous monitoring will lead to sustainable growth of the Company.

**Mr. Ito** I experienced the previous iteration of the Board of Directors in 2009, which centered on internal directors. The board was essentially an entity positioned above the Management Council that heard the same items and made a decision on them. The ability of the Board to incorporate the perspective of all stakeholders and occasionally revise strategies is a major departure from the past. We are currently revising the agenda of Board meetings to devote more time to medium- to long-term growth and sustainability strategies, both of which are important topics for discussion. As you have both pointed out, an ideal Board of Directors is one that has serious discussions over the Company's vision and medium- to long-term strategies and monitors progress toward results, while including outside directors in these processes.

### Q What do you think will be important when it comes to expanding overseas business, one of the themes of Next Calbee?

**Mr. Takahara** When expanding overseas, I think it is difficult to apply the Japanese business model as is. As an example, the main raw materials for the Calbee Group, potatoes, are natural ingredients. This means the Group needs to devise a way to procure locally, making it necessary to recreate core competencies with technologies and ideas totally different from those in Japan.



In light of COVID-19, this three-way conversation was held via our web conferencing system

**Mr. Miyauchi** It is no exaggeration to say that success or failure overseas comes down to human resources. I believe it is important to find talented locals and then delegate authority. To acquire these kinds of human resources, it is also important to choose the most appropriate method out of several options—whether it's training young people or hiring suitable people from outside the Company.

### Q Please tell us about what points need to be discussed and what issues need to be addressed in terms of governance in order to realize the goals of Next Calbee.

**Mr. Takahara** We need to look at this issue in terms of the evolution of the "structure" and the "quality" of the Board of Directors. For structure, I think Calbee should consider transitioning to a system of a Company with Three Committees, which is a more advanced system of governance suitable for the global stage. This system should lead to transparent global management. As for quality, I would like the unique qualities of the Calbee Group to permeate the Board of Directors as well. To me, the Group is notable for its creativity and speed of execution. I would like the Company to build a governance system that draws from its value system of creating better products to facilitate creativity and speed of execution among the executive team and encourage the team to fulfill the promises it has made.

**Mr. Miyauchi** When governance is structured well, I think it fosters a desire to quickly transition the Company to its next stage. The executive team is currently thinking about the future and formulating a strategy, but I think that, as a company, Calbee needs to expand the scope of its business activities further. I expect Calbee to broaden its horizons, boldly challenge itself in new food categories, and grow as a global food manufacturer while maintaining its focus on potatoes.

**Mr. Takahara** Another important theme for discussion is succession plans. In addition to the CEO and CFO, it is crucial to think as a team about chief officers who play central roles in marketing, R&D, or other departments and make sure human resources are being developed to join the executive team. Based on the current management system, its degree of human resource growth, and changing employee demographics, I think it would be good for Calbee to look into this matter more while taking diversity and team strength into account.

**Mr. Ito** It's as you both say—overseas business, new businesses, and the human resources whom will be responsible for them are the cornerstones of future growth, and I believe that one of my greatest tasks right now is to create an environment where Calbee Group employees can take on forward-facing challenges toward the Group's next stage of growth, knowing that they are not bound by existing frameworks. I would like us to explore new business and take a bold approach in our efforts to ensure that we will not lose out to global competition. At the same time, I would like us to keep our DNA as a manufacturer close at heart. I would like the outside directors to act as the eyes of the market and monitor the challenges we take on in the future. I look forward to working with you both from now on.

## 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/2016/governance\\_code.pdf](https://www.calbee.co.jp/en/ir/pdf/2016/governance_code.pdf)

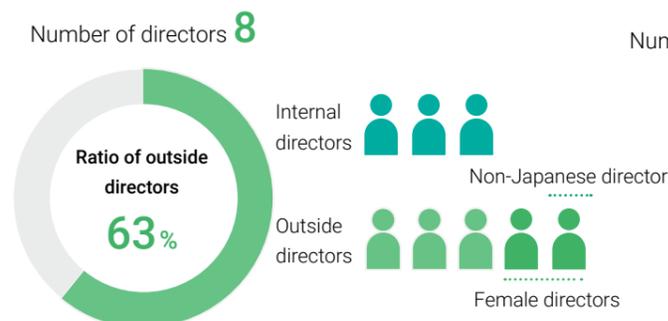
### Corporate Governance System

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

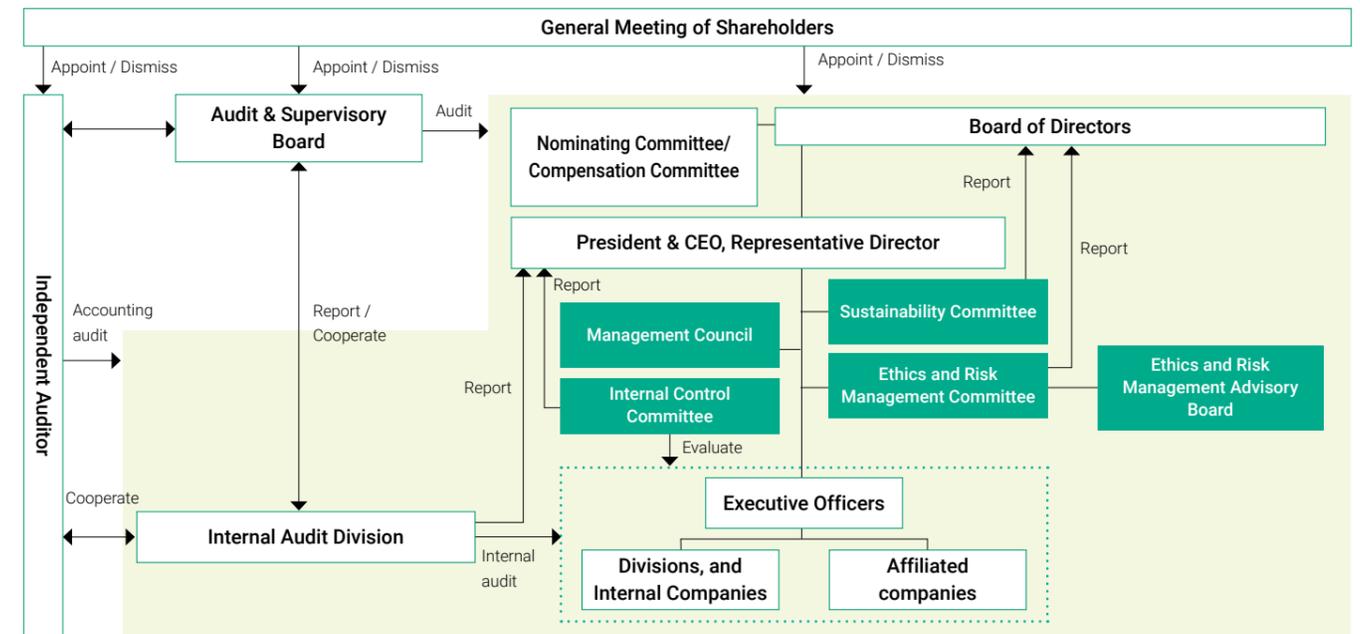
system to separate business execution and supervisory functions to improve management transparency, clarify management responsibilities, speed up decision-making, and strengthen the management oversight function. In addition, the Board of Directors and the executive officer system place importance on 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 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 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>



### Organization of Corporate Governance



### Corporate Governance System

Main items	Contents
Form of institutional design	Company with Audit and Supervisory Board
<b>Board of Directors</b>	
Term of office	1 year
Number of directors (of whom, outside directors)	8 (5)
Number of meetings of the Board of Directors (FY2021/3)	13
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 outside Audit & Supervisory Board members. The Board ensures transparency and oversees and 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,

Main items	Contents
<b>Audit &amp; Supervisory Board members</b>	
Term of office	4 years
Number of Audit & Supervisory Board members (of whom, outside Audit & Supervisory Board members)	3 (3)
Number of meetings of Audit & Supervisory Board (FY2021/3)	15
Adoption of an executive officer system	Yes

and issues facing, business administration and conducts preliminary discussions on important matters.

#### Sustainability Committee

The committee, which includes outside experts, functions as an advisory body that determines the Calbee Group’s materiality, deliberates on priority themes, and manages 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 external expert. The Board discusses management risks and compliance issues, and then makes proposals to the CEO and the Ethics and Risk Management Committee.

#### Internal Control Committee

The Internal Control Committee evaluates the effectiveness of the construction and operation of internal control systems for financial reporting, and conducts self-assessments.

## Corporate Governance

### Policies and Processes for Appointing Directors and Audit & Supervisory Board Members

#### Policy

##### ► Composition of the Board of Directors

The Board of the 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.

### 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 with the participation of all directors, including internal directors. Directors are interviewed 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.

The evaluation outline and results for the fiscal year ended March 31, 2021, are as follows.

<b>Initiatives in the fiscal year ended March 31, 2021</b>	<ul style="list-style-type: none"> <li>▪ Set agenda for new businesses and long-term strategy</li> <li>▪ Enhanced provision of information pertaining to strategies</li> </ul>
<b>Evaluation process</b>	<ul style="list-style-type: none"> <li>▪ Conduct questionnaires and interviews with all directors, including outside directors</li> <li>▪ Analyze the results of questionnaires and interviews and discuss issues and future initiatives</li> </ul>
<b>Key questionnaire and interview items</b>	<ul style="list-style-type: none"> <li>▪ Composition of the Board of Directors (scale, number of members, expertise, and diversity)</li> <li>▪ Operation of the Board of Directors (quality and amount of reporting materials, time allotments for deliberation, etc.)</li> <li>▪ Topics of discussion at Board meetings (content of agenda items for discussion)</li> <li>▪ Discussions at Board meetings (effectiveness)</li> </ul>
<b>Evaluation results and recommended future efforts</b>	<ul style="list-style-type: none"> <li>▪ The Board of Directors was evaluated to be functioning properly in terms of each of the agenda items listed above</li> <li>▪ The evaluation found two issues pertaining to the sustainable development of the Calbee Group and the generation of discussions at Board meetings:                             <ul style="list-style-type: none"> <li>• The Board of Directors needs to set discussion topics centered on strategies that will accelerate the promotion of new and overseas business to realize the Group's Long-term Vision and Medium-term Business Plan</li> <li>• The Board of Directors should continue looking into the institutional design of the Company to strengthen its governance system</li> </ul> </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, 3) performance-based stock

compensation, and 4) retirement bonus. 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.

Audit & Supervisory Board members receive fixed remuneration only to increase their supervisory functions conducted from an independent perspective. Similarly, outside directors are also limited to fixed remuneration only, as they are in positions independent from business execution.

	Approximately 50%		Approximately 50%	
	Fixed remuneration		Performance-based remuneration	
	1) Basic remuneration	2) Bonuses	3) Performance-based stock compensation	4) Retirement bonus
<b>Position</b>	Compensation for executive duties	Short-term incentive linked to results during the fiscal year	Medium- to long-term incentive linked to results during the fiscal year	Medium- to long-term incentive linked to results during the period of appointment
<b>Recipients</b>	Directors Audit & Supervisory Board members Senior executive officers	Directors (excl. outside directors) Senior executive officers	Directors (excl. outside directors) Senior executive officers	Directors (excl. outside directors) Full-time Audit & Supervisory Board members* Senior executive officers
<b>Payment form</b>	Cash	Cash	Shares	Cash
<b>Evaluation indicators</b>	—	Consolidated net sales Consolidated operating profit Profit attributable to owners of parent Individual management assignments	Consolidated net sales Consolidated operating profit Profit attributable to owners of parent	Based on each year's bonus
<b>Payment method</b>	Monthly payment of fixed amount according to position	<ul style="list-style-type: none"> <li>▪ Yearly payment of bonuses according to position and achievement rate after the approval at the General Meeting of Shareholders based on the deliberation at Compensation Committee</li> </ul>	<ul style="list-style-type: none"> <li>▪ Maximum of 1% of target for profit attributable to owners of parent each fiscal year</li> <li>▪ Points assigned to each position are adjusted based on the status of achievement on evaluation indicators and allocated to recipients</li> <li>▪ Shares are awarded upon retirement based on the cumulative number of points and within the range set at the General Meeting of Shareholders</li> </ul>	Aggregated at one half of the annual bonus amount approved at the General Meeting of Shareholders and paid in one lump sum upon retirement

\* New aggregations of this bonus have been stopped.

## Corporate Governance

### Risk Management

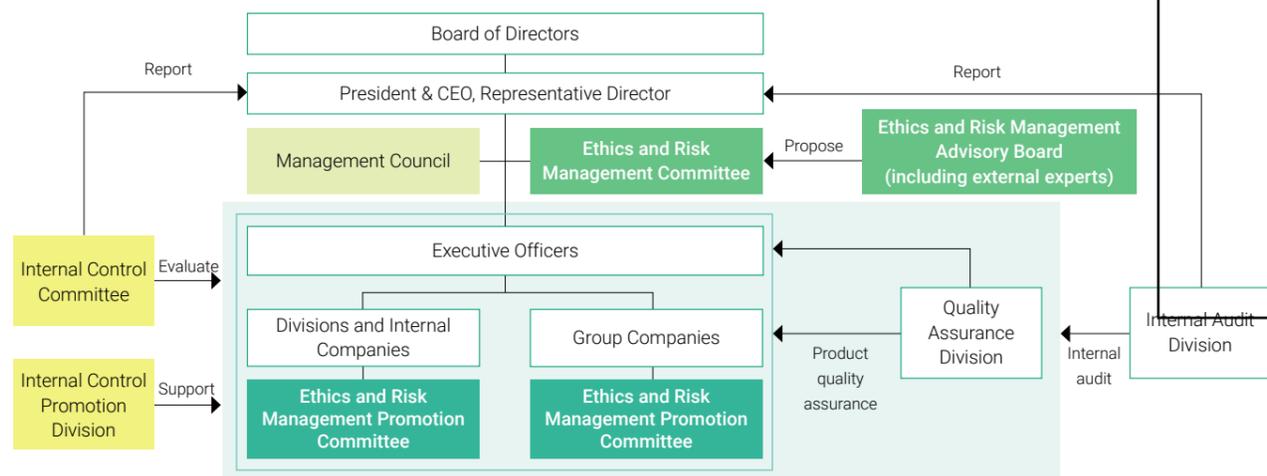
To deal with the diverse business risks (natural disasters and accidents, legal violations and litigation, quality, procurement of raw materials, stocks, intellectual property infringements, etc.) surrounding the Company, we have formulated Compliance and Risk Management Rules, and identify and evaluate 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, while the

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 evangelize 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	Assumption	Potential risk	Response
<b>Product development</b>	<ul style="list-style-type: none"> <li>Rapid product development in response to market changes is an important priority</li> </ul>	<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>
<b>Raw material procurement</b>	<b>1) Potato procurement risk</b> (Weather instability and decrease in potato grower population)	<ul style="list-style-type: none"> <li>Decrease in potato grower population in Japan</li> <li>In principle, potatoes may not be imported into Japan under the Plant Protection Act</li> </ul>	<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>
	<b>2) Potato procurement risk</b> (Spread of potato cyst nematodes)	<ul style="list-style-type: none"> <li>Potatoes cannot be produced in areas affected by potato cyst nematodes (a kind of nematode that lives in soil, designated as an important pest under the Plant Protection Act)</li> </ul>	<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>
	<b>3) Other raw material and input procurement risk</b>	<ul style="list-style-type: none"> <li>Utilizes raw materials imported from overseas</li> </ul>	<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>

Risk	Assumption	Potential risk	Response
<b>Product safety</b>	<ul style="list-style-type: none"> <li>Providing safe and secure products is the most important social responsibility of the Group</li> </ul>	<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>
<b>Product supply</b>	<ul style="list-style-type: none"> <li>There are concerns over shortages of transportation vehicles due to the impacts of a decline in the working population due to population aging and an increase in courier services driven by growth in e-commerce</li> </ul>	<ul style="list-style-type: none"> <li>Halt in product supply</li> <li>Increase in transportation costs, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Promote reduction of standby times, lower delivery frequency, concentration of delivery destinations, and transportation in pallets</li> <li>Diversify transportation modes, such as using rail freights</li> </ul>
<b>Foreign exchange</b>	<ul style="list-style-type: none"> <li>Raw materials procurement and product sales, etc., include transactions in foreign currencies</li> </ul>	<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>
<b>Political and economic situation in overseas countries where the Group is expanding</b>	<ul style="list-style-type: none"> <li>Currently, the Group operates businesses in nine countries and regions</li> </ul>	<ul style="list-style-type: none"> <li>Political, economic, and social turmoil caused by changes in laws and regulations, terrorism, war, or other factors</li> <li>Difficulties caused by differences in culture and customs</li> </ul>	—
<b>Major shareholders</b>	<ul style="list-style-type: none"> <li>FRITO-LAY GLOBAL INVESTMENTS B.V. (a wholly owned subsidiary of PepsiCo, Inc.) holds 20.01% of the Company's shares (including potential shares)</li> <li>In June 2009, the Company concluded a strategic alliance agreement with PepsiCo, Inc</li> </ul>	<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>	—
<b>Securing human resources</b>	<ul style="list-style-type: none"> <li>Human resources with the ability to act independently on transformation and challenges are important for sustainable growth</li> </ul>	<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>Introduce systems that enable diverse workstyles</li> <li>Develop human resources who can promote digital transformation</li> <li>Aim for an organization that can utilize diverse values and expertise and realize participation by all employees</li> </ul>
<b>Information systems</b>	<ul style="list-style-type: none"> <li>Many operations are dependent on information systems and telecommunication lines</li> </ul>	<ul style="list-style-type: none"> <li>Loss of information and tampering 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>
<b>Compliance</b>	<ul style="list-style-type: none"> <li>The Company is subject to laws and regulations in Japan, such as the Food Sanitation Act, the Act against Unjustifiable Premiums and Misleading Representations, the Measurement Act, the Unfair Competition Prevention Act, the Plant Protection Act, and the Consumer Safety Act</li> <li>The Company is subject to the laws and regulations of each of the countries where it conducts business</li> </ul>	<ul style="list-style-type: none"> <li>Penalties or license revocation under laws and regulations</li> <li>Legal action</li> <li>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>
<b>Natural disasters such as earthquakes, typhoons, and heavy rain</b>		<ul style="list-style-type: none"> <li>Inability to supply products due to delays in parts of the supply chain</li> <li>Length of time and large expenses to repair facilities, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Disperse production sites and procurement providers for raw materials</li> <li>Strive to restart the supply system quickly based on the BCP, etc.</li> </ul>
<b>COVID-19 pandemic</b>	<ul style="list-style-type: none"> <li>The Group conducts operations across the supply chain from procurement of raw materials overseas to production and sales</li> </ul>	<ul style="list-style-type: none"> <li>Stagnating consumption and decrease in inbound demand due to restrictions on human movement</li> <li>High prices and difficulty in securing raw materials</li> </ul>	<ul style="list-style-type: none"> <li>Secure procurement of main raw materials, maintain flexible product strategies and supply systems</li> <li>Thorough hygiene management system</li> <li>Prohibit business trips, support stay-at-home measures and promote remote work as a general rule for head office</li> </ul>
<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>

## Corporate Governance

## Board of Directors and Audit &amp; Supervisory Board Members

## Corporate Governance

Name	Reason for Election	Attendance at Board of Directors' meetings (FY2021/3)	No. of years as a director (As of July 2021)	Organization Membership				Expected Role and Expertise of Director				
				Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board	Corporate management	Global	Production IT	Sustainability	Finance
<b>Shuji Ito</b> Representative Director President & CEO	Mr. Ito is well versed in management in various fields, including manufacturing, sales, corporate planning, and marketing. Since his appointment as president and representative director of the Company in 2009, he has pursued profit expansion in the domestic business and development of overseas business in earnest, and strives for the further improvement of corporate value by aiming for the realization of the Calbee Group Medium-term Business Plan and the Vision for 2030.	100% 13/13 times	17 years	◎ (Chairperson)	○	○	-	○	○	○	○	
<b>Makoto Ehara</b> Representative Director Executive Vice President	Mr. Ehara is well versed in the Company's overall management, assisting the president since his appointment as executive vice president of the Company, having served as president of a subsidiary of the Company, and having been involved in marketing, the regional business in Japan, overseas businesses, and new businesses. As director in charge of the New Business Division, he strives to improve corporate value through growth in new food categories that transcend the boundaries of the Company's existing businesses.	100% 13/13 times	2 years	○	-	-	-	○	○		○	
<b>Koichi Kikuchi</b> Senior Managing Director & CFO	Mr. Kikuchi is well versed in the Company's overall management through his extensive business experience and deep knowledge of financial accounting, serving as the CFO of the Company, and in positions responsible for IR, information systems, corporate communications, and procurement divisions. He has pursued financial strategies to establish the foundations of new business and to expand the Company's portfolio, and strives to improve corporate value.	100% 13/13 times	2 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 about 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	12 years	○	◎ (Chairperson)	◎ (Chairperson)	-	○	○	○	○	○
<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	6 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	6 years	○	○	○	-	○	○		○	
<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.	100% 13/13 times	4 years	○	○	○	-	○	○		○	○
<b>Sylvia Dong</b> Outside Director	Ms. Dong has been engaged in the beverage business at PepsiCo, Inc., which is the parent of FRITO-LAY GLOBAL INVESTMENTS B.V., a major shareholder of the Company, with an ownership ratio of 20.01%. She possesses extensive experience and deep knowledge regarding overseas markets and the management and evaluation of corporate performance in multinational enterprises. 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% 10/10 times	1 years	○	-	-	-	○	○	○	○	○

## Audit &amp; Supervisory Board Members

Name	Reason for Election	Attendance at Board of Directors' meetings (FY2021/3)		No. of years as an Audit & Supervisory Board member (As of July 2021)	Organization Membership				Expected Role and Expertise of Director					
		Attendance at Board of Directors' meetings (FY2021/3)	Attendance at Audit & Supervisory Board meetings (FY2021/3)		Board of Directors	Nominating Committee	Compensation Committee	Audit & Supervisory Board	Corporate management	Global	Production IT	Sustainability	Finance	Judicial affairs
<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% (15/15 times)	3 years	○			◎ (Chairperson)		○			○	
<b>Tadashi Ishida</b> Outside Audit & Supervisory Board member	Mr. Ishida has sophisticated expert knowledge as a certified public accountant and has a wide range of practical experience from serving as a director, Audit & Supervisory Board member, and the lead researcher for the Japan Association for Chief Financial Officers. The Company expects that he will utilize his cultivated expertise and insight in the overall management of the Company.	100% (13/13 times)	100% (15/15 times)	10 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 she will utilize her experience to strengthen our compliance and legal systems.	92% (12/13 times)	100% (15/15 times)	5 years	○			○		○				○